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Japan

Kaifu Said 'Sounding Out' Meeting With Ramadan

OW0110114690 Tokyo KYODO in English 1031 GMT 01 Oct 90

[By Jocelyn Ford]

[Text] New York, Oct 1 (KYODO)—Japanese Prime Minister Toshiki Kaifu heads for the Middle East on Monday after winding up a four-day visit here during which he conferred with major western leaders over the Persian Gulf crisis.

The five-nation trip comes amid concerns, in particular among Japanese communities in the Middle East, that his presence in the region might jeopardize the safety of Japanese hostages detained in Iraq.

Sources traveling with Kaifu said Japan is informally sounding out a meeting between Kaifu and Iraqi First Deputy Prime Minister Taha Yasin Ramadan in Jordan. Ramadan is considered President Saddam Husayn's right-hand man. However another Japanese official said news reports hinting that such a meeting was being planned were misleading.

Kaifu apparently did not mention the possible contact in his talks with U.S. President George Bush and British Prime Minister Margaret Thatcher.

Foreign Ministry officials said both Bush and Thatcher expressed appreciation for Japan's 4 billion dollar contribution to efforts to defuse the crisis and stressed the need for international solidarity to respond to Iraqi President Husayn. The three were in New York to attend the September 30 World Summit for Children at the United Nations.

Officials said Kaifu is to meet Japanese Ambassador to Iraq Kunio Katakura while in Jordan to hear first-hand the situation facing Japanese people detained in Iraq. Katakura has been under pressure from Japanese business interests to maintain a low profile so as to avoid inciting Baghdad to tighten its grip on the some 141 Japanese hostages. Besides these hostages, there are 168 Japanese businessmen in Baghdad, Foreign Ministry officials said.

Iraq has allowed most women and children from abroad to leave the country, while keeping men from various countries at strategic military hitpoints to deter attack.

Kaifu is to travel to Egypt, Jordan, Turkey, Saudi Arabia, and Oman on a trip postponed from mid-August to allow Japan time to consider its contribution to the efforts to restore peace to the Gulf.

Kaifu is expected to explain details during separate meetings on its pledge to offer 2 billion dollars in financial assistance to Egypt, Jordan, and Turkey, and other nations hit by the crisis. Japan has also pledged 2 billion dollars in logistical support to multinational forces in the region, and is working on legislation to dispatch a peace cooperation corps with unarmed Self-Defense Force personnel.

Japanese officials have characterized the visit as an opportunity for Japan to assume a greater political role in the region.

It will be the first time for a Japanese premier to visit Egypt, Jordan, Turkey and Oman, and the first trip to the area by a leader of a major industrial power since Iraq's August 2 invasion of its oil-rich neighbor. Takeo Fukuda is the only other Japanese prime minister to visit the region. His 1978 trip was focused on securing oil supplies to Japan.

Japan currently depends on Mideast oil for 70 percent of its petroleum needs.

Kaifu's trip will be complemented by Foreign Minister Taro Nakayama's scheduled visit to Syria on October 7-11. Tokyo is anxious to show that it regards Syria as an important player in the region.

Troop Withdrawal Disagreement

OW0410094990 Tokyo KYODO in English 0938 GMT 4 Oct 90

[Text] Amman, Oct. 4 KYODO—Japanese Prime Minister Toshiki Kaifu on Thursday failed to persuade Iraqi First Deputy Prime Minister Taha Yasin Ramadan to pull out Iraqi forces from Kuwait but they agreed on continued dialogue, Japanese officials said.

The officials said Kaifu asked Ramadan, the No. 2 leader in the Iraqi leadership after President and Prime Minister Saddam Husayn, that Iraq abide by the United Nations resolution calling for withdrawal of its troops from Kuwait.

But Ramadan repeated that Kuwait is part of Iraqi territory, the officials said.

Kaifu requested the release of Japanese hostages but Ramadan avoided the issue, according to the officials.

Kaifu is the first leader from a major industrial nation to meet the Baghdad government since Iraq's August 2 invasion of its oil- rich neighbor Kuwait.

The meeting, originally scheduled for one hour, was extended by about 50 minutes, and Ramadan told Kaifu that Iraq hailed a peace proposal made last week by French President Francois Mitterrand to the U.N. General Assembly.

Ramadan said Iraq wants to follow up the proposal as the beginning of a peaceful solution to the Persian Gulf crisis.

The French proposal contains four points to resolve not only the Gulf crisis but also other Middle East problems, including Palestinian demands for an independent state.

Meeting Ends

OW0410085990 Tokyo KYODO in English 0839 GMT 4 Oct 90

[Text] Amman, Oct. 4 KYODO—Japanese Prime Minister Toshiki Kaifu ended a meeting with Iraqi First Deputy Prime Minister Taha Yasin Ramadan in Amman on Thursday to discuss the crisis in the Gulf, Japanese officials said.

The meeting at the royal palace was scheduled for one hour but was extended by about 50 minutes, the officials said.

Due to the extended meeting, Kaifu canceled a visit to a refugee camp, they said.

Details of the meeting were not immediately known.

Reportage on Kaifu Visit to Middle East

WA0410133590

For reportage on the visit by Prime Minister Kaifu to Egypt and other Middle Eastern countries, including reports on his talks with Egyptian President Mubarak, please see the 3 October Near East & South Asia DAILY REPORT and subsequent issues.

JSP Delegates' Request To Meet Hostages Denied

OW0410085490 Tokyo KYODO in English 0834 GMT 4 Oct 90

[Text] Baghdad, Oct. 4 KYODO—Iraq has refused to allow members of the Japan Socialist Party (JSP) currently visiting Baghdad to meet Japanese hostages held in Iraq, officials said Thursday.

Sa'di Mahdi Salih, chairman of the Iraqi National Assembly, was quoted as saying Wednesday, "We cannot accept your request because if we listen to such a request, there will be others from every nation."

Salih told Osamu Yatabe, head of the JSP delegation, "We cannot release (hostages) until we have a guarantee that the multinational forces will not attack Iraq."

Thousands of foreign hostages, including a number of Japanese, are being held by Iraq at chemical plants and other strategic locations in Iraq.

They are being used as a guard against an attack by the U.S.-led multinational forces gathered in the Persian Gulf region to enforce a United Nations embargo against Iraq for its invasion and annexation of oil-rich neighbor Kuwait.

On Wednesday, Salih repeated Iraq's position to Yatabe, "the Kuwait problem should be resolved among the Arabs."

Baghdad is considering a JSP request for working level talks on providing provisions for the hostages, Salih indicated.

Yatabe, while expressing a critical view of the U.S.-led forces in the Gulf, urged comprehensive negotiations that would include the Palestinian problem, Iraq's withdrawal from Kuwait, and a peaceful resolution to the crisis.

Salih remarked that he is doing his best to help with a JSP request to meet Iraqi President Saddam Husayn.

2 Japanese Hostages Appear on Iraqi Television

OW0410134490 Tokyo KYODO in English 1248 GMT 4 Oct 90

[Text] Tokyo, Oct. 4 KYODO—Two Japanese male hostages who appeared on Iraqi television were identified as employees of Japanese trading firms, Ritsuro Hiraishi and Mikihiko Matsushita, a Foreign Ministry official said Thursday.

Hiraishi, 40, an employee of Nichimen Corp.; and Matsushita, a 30-year-old official of Nissho Iwai Corp., appeared on a program "Guest News" aired by the state-run television Wednesday night, the official said.

The two are among 141 Japanese men detained by the Iraqi authorities as human shields to deter a possible attack by the U.S.-led international forces massing in the Gulf area.

According to officials at the Japanese Embassy in Baghdad who watched the program, the two were clad in light dresses like polo shirts, and Matsushita appeared to be healthy although Hiraishi looked a little tired.

In response to questions by an interviewer who did not appear on the program, Hiraishi said that he hoped for a peaceful settlement of the Gulf crisis.

Matsushita replied that he is leading a healthy life by spending time swimming, playing table tennis, and jogging, according to the official.

Kaifu, Thatcher Agree on Gulf Solidarity

OW0110002390 Tokyo KYODO in English 0002 GMT 1 Oct 90

[Text] New York, Sept. 30 KYODO—Prime Minister Toshiki Kaifu and his British counterpart Margaret Thatcher agreed Sunday that international solidarity is essential to force Iraqi President Saddam Husayn to withdraw from Kuwait, Japanese officials said.

In a 25-minute meeting at the United Nations, where both were attending the one-day world summit for children, Thatcher expressed appreciation for Japan's efforts to solve the Gulf crisis, and said economic sanctions against Iraq must be tightly enforced.

Loopholes must not be allowed if UN sanctions are to be effective in bringing about a resolution to the crisis, the officials quoted Thatcher as saying.

Japan has pledged to 2 billion dollars to the U.S.-led multinational forces in the Gulf, and an additional 2 billion dollars in financial assistance to frontline countries most affected by the crisis, particularly Egypt, Jordan, and Turkey.

Kaifu sought Thatcher's views on the Gulf crisis as he prepared to depart on a five-nation Middle East tour.

So far, the only exceptions to sanctions agreed to internationally are food and medicine for humanitarian purposes. Jordan, the second stop on Kaifu's trip, has said, however, that total enforcement of the embargo would be economic suicide. Jordan conducted a large part of its trade with Iraq prior to the August 2 invasion of Kuwait.

Turning to multilateral trade issues, Thatcher said that Japan, the European Community, and the United States must work [to] forge a compromise on agriculture in the Uruguay Round of talks held under the General Agreement on Tariffs and Trade. The trade talks are in a confused state, Thatcher was quoted as telling Kaifu. Kaifu indicated that Japan is also seeking the successful completion of the talks.

Kaifu is to meet with Italian Prime Minister Giulio Andreotti and hold a news conference Monday prior to leaving New York for Egypt. He will also visit Turkey, Saudi Arabia, and Oman prior to returning to Japan on October 9.

Chinese Crude Prices to Japan To Change

OW0410115790 Tokyo KYODO in English 1102 GMT 4 Oct 90

[Text] Tokyo, Oct. 4 KYODO—The current price setting formula for Chinese Daqing crude oil to Japan based on bilateral negotiations will be aligned with Indonesian spot oil prices to reflect the international oil market situation, Japanese oil industry sources said Thursday.

The change has been proposed by China and the Japanese oil distributors appear to accept the proposal, they said.

Bilateral negotiation talks are scheduled for early next week in China to decide prices for the crude already delivered during the July-September period.

The new pricing formula for the low-sulfur oil is likely to be agreed upon around Wednesday. The formula will take an average monthly price of Indonesian benchmark minas crude and cinta crude and add a premium per barrel, the sources said.

The sources expect Daqing crude prices under the new formula will be set at 14.60 dollars per barrel for July shipments, 19 dollars for August shipments, and 27.80 dollars for September shipments, about the same as levels of world market prices.

According to the sources, Japan started crude oil imports from China's largest oil field of Daqing in 1973 after bilateral diplomatic relations were normalized.

Annual imports of Daqing crude was limited to a range between 8.8 million tons and 9.3 million tons under the bilateral long-term accord. The amount makes up some 80 percent of total oil exports from China to Japan.

Prices have been reviewed quarterly by the negotiator groups from both sides, but had not been affected by the international market environment.

But China made the proposal because most of the crude oil suppliers around the world set their prices by a formula linking to the international spot crude oil market, the sources said.

Oil prices have been rising sharply in the world market amid the Middle East crisis, and China might also want to reflect this situation in its product prices, they added.

Preparations for DPRK Talks To Begin

OW0410141190 Tokyo KYODO in English 1350 GMT 4 Oct 90

[Text] Tokyo, Oct. 4 KYODO—Foreign Minister Taro Nakayama said Thursday that Japan will start preparations for intergovernmental talks proposed by North Korea aimed at normalizing diplomatic relations between the two countries, ministry sources said.

Nakayama, in a meeting with Shin Kanemaru, one of the most powerful figures in the ruling Liberal Democratic Party (LDP), reiterated the basic government policy that Japan's 1910-1945 colonial rule of the Korean peninsula and North Korean postwar "losses," for which Pyongyang is also seeking compensation, are separate issues.

He also reiterated that a joint declaration signed by Japanese and North Korean political parties urging compensation for both periods does not necessarily bind the government.

Kanemaru and Makoto Tanabe, vice chairman of the opposition Japan Socialist Party, issued the joint declaration with the ruling Korean Workers' Party during a visit to Pyongyang last week. It urged Japan to pay compensation not only for its harsh colonial rule but also for "losses inflicted upon the North Korean people in the ensuing 45 years."

The three parties also agreed to urge their governments to hold talks on normalizing ties in early November in Pyongyang.

A top Foreign Ministry official said Thursday his ministry and its counterpart in Pyongyang will discuss holding the meeting at the earliest time convenient for both sides, but not necessarily in November.

The official also said the site of the talks can be discussed.

Meanwhile, Yutaka Kawashima, deputy director general of the ministry's Asian Affairs Bureau, expressed caution over sudden initiatives by Japan in improving relations with North Korea. Kawashima accompanied the LDP-JSP mission to Pyongyang.

Kawashima said it is important for Japan to ensure that the negotiations do not adversely affect peace and stability on the Korean peninsula or pose an obstacle to North-South dialogue aimed at unification.

"It would be unsettling for South Korea to see Japanese assistance flood North Korea," Kawashima told KYODO NEWS SERVICE.

He said Japan will seek ways during the negotiations to prevent its contacts with North Korea from becoming a destabilizing factor.

"If the situation on the Korean peninsula becomes destabilized once again, Japan's security will directly suffer the greatest impact," Kawashima said, adding that stability there has been the biggest postwar problem for Japan.

On the sudden North Korean proposal for normalizing diplomatic relations with Japan, Kawashima said it was significant as an indication of a change in Pyongyang's policy and stressed that the intitiative came from North Korea.

Normalization of Japan-North Korean relations is the last major postwar issue for Tokyo to resolve, "and when North Korea wishes to talk about it, we will respond," Kawashima said.

Tokyo normalized relations with Seoul in 1965 but has never had diplomatic ties with Pyongyang.

He disagreed with analysts who call North Korea's approach to Japan an indication that it is moving toward acceptance of the so-called "cross recognition."

"Cross recognition," in which Japan and the United States would recognize North Korea while China and the Soviet Union recognize the South, has been discussed as a way to increase stability on the Korean peninsula before reunification. Moscow and Seoul normalized ties Sunday.

"North Korea has not reached the stage of acknowledging South and North Korea as two separate entities for the time being which can coexist peacefully while pursuing a long-term goal of unification," Kawashima said.

As long as North Korea argues that the Soviet Union's establishment of diplomatic relations with South Korea perpetuates the division of Korea, there will be no major change in its stand, he said.

'Strong Support' for President Aquino Expressed

OW0410131690 Tokyo KYODO in English 1302 GMT 4 Oct 90

[Text] Tokyo, Oct. 4 KYODO—Japan on Wednesday reasserted its strong support for Philippine President Corazon Aquino in the wake the latest military rebellion against her government. "Japan has long extended its strong support for the efforts at democratization and economic reconstruction being carried out under the leadership of President Aquino," the Japanese Foreign Ministry said in a statement. The ministry said Japan considers the Philippines "an important and friendly country" whose peace and stability is essential for the peace and stability in the Asia-Pacific region as a whole. Rebel Philippine soldiers on Mindanao in southern Philippines mutinied and declared the formation of an independent government. The Japanese Foreign Ministry said the mutiny was an "unforgivable" challege to a democratically elected government.

Matsushita, Mitsubishi Form Subsidiary in Poland

OW0410133090 Tokyo KYODO in English 1140 GMT 4 Oct 90

[Text] Tokyo, Oct. 4 KYODO—Matsushita Electric Industrial Co. and Mitsubishi Corp. jointly said Thursday they have established a subsidiary in Warsaw, Poland, to manage after-sale services for Matsushita's consumer electric products.

The move was a response to growing demand for office automation equipment in Eastern Europe, where countries are striving to transform centrally controlled economies into market-oriented ones, officials of both companies said.

MC Service Center Co. will be capitalized at 3.3 billion groszy (about 50 million yen) and is to be fully owned by Mitsubishi Corp., the giant Japanese trading house.

Exports of Japanese consumer electronics to Poland is estimated to top 20 billion yen in 1990, compared with about 11 billion yen last year.

The officials said they have been exporting Matsushita's consumer electric products to Poland since 1984, with a local unit providing after-sale services.

Sony Corp., Canon Inc., and other Japanese consumer electronics and communications makers are intent on establishing sales networks in East European nations.

Shevardnadze Interviewed on Korean Issue

OW0410061390 Tokyo KYODO in English 0541 GMT 4 Oct 90

[Text] New York, Oct. 3 KYODO—Soviet Foreign Minister Eduard Shevardnadze on Wednesday described a divided Korea as an "anomaly" in today's world and urged Pyongyang to develop relations with Japan and the United States.

Responding to questions posed by KYODO NEWS SERVICE, Shevardnadze said a recent visit to North Korea by a Japanese political mission led by former Deputy Prime Minister Shin Kanemaru was "a clearly positive sign."

Shevardnadze said the division of Korea was "tragic" and "unnatural."

"In the context of continued positive trends around the world, this becomes more of an anomaly with every passing day," Shevardnadze said.

He also said current debates show that "the 'Korean anomaly' emerges as a major obstacle to the continuing efforts at creating a healthier political climate in Asia and the Pacific."

Citing mistrust, military tension, and the presence of foreign troops and nuclear weapons on the peninsula, he said the situation was "poisoning the atmosphere far beyond the Korean peninsula—in the entire region and in the world at large."

Although Korea was divided into the communist North and the capitalist South by the Soviet Union and the United States after World War II, Shevardnadze said it is "axiomatic" that the Koreans now solve their problems themselves.

"Decades of the inter-Korean feud, fueled by the policies of the cold war, have failed to bring about a solution," he said, adding, "There is, perhaps, a need to look at the existing realities from a different perspective."

The Soviet foreign minister reasoned that Moscow's newly established diplomatic ties with Seoul and its traditional friendly ties with Pyongyang are consistent with the goal of unifying the two Koreas by mutual agreement.

Pyongyang has opposed Moscow's improved relations with Seoul insisting it would only perpetuate the separation of the two Koreas.

Shevardnadze said that prerequisites to solving the problem might be established by "broader international dialogue between the two Korean states," which he added was "desirable and inevitable."

The Soviets, who have backed Pyongyang since 1945, have urged the North Koreans to develop relations with nations with which they have no diplomatic relations, said Shevardnadze, apparently referring to the U.S. and Japan.

"We view as a clearly positive sign the recent visit to Pyongyang of a Japanese delegation led by Mr. Kanemaru, his meeting with President Kim Il-song, and the agreement to begin talks on the development of relations between (North) Korea and Japan," Shevardnadze said.

Government Plans Revision of U.S. Bases Pact

OW0110060390 Tokyo KYODO in English 0536 GMT 1 Oct 90

[Text] Tokyo, Oct. 1 KYODO—The Government plans to revise the existing Japan-U.S. bases agreement to enable Japan to shoulder a larger burden of the costs the United States now shoulders in maintaining its military in the country, a government source said Monday.

The source was commenting on reports from New York that U.S. President George Bush had urged Japan to step up Japanese contributions to U.S. military costs during his meeting with Prime Minister Toshiki Kaifu over the weekend.

The Japanese Government is paying 440 billion yen a year for the upkeep of the 50,000 U.S. servicemen in Japan but Washington has asked Japan to pay all yen-denominated expenses.

The source said the Government plans to submit a bill to the ordinary session of the Diet—due to begin by the end of December—to revise the Japan-U.S. agreement governing the payment of local employees working in U.S. military bases in Japan.

The current agreement is due to expire in March 1992. Revising the agreement would open the way for the Japanese Government to advance the increased share of Japanese payment by one year, starting from the coming fiscal year beginning April 1.

The Defense Agency is proposing that Japan and the U.S. split the cost of financing U.S. troops in Japan under an 80 billion yen burden-sharing plan to begin from fiscal 1992. The amount roughly corresponds to the sum required for paying the basic salaries of Japanese bases workers as well as bases utilities.

The Foreign Ministry, under strong pressure from the United States to increase Japan's share of the bases costs, has suggested that the Defense Agency advance the burden-boosting plan by one year.

More on Pact

OW0410072390 Tokyo KYODO in English 0703 GMT 4 Oct 90

[Text] Tokyo, Oct. 4 KYODO—Vice Minister of Defense Tomoharu Yoda indicated Thursday that Japan may shoulder more of the cost of maintaining U.S. Forces on Japanese soil, officials said.

Yoda dropped the hint during a meeting with U.S. Deputy Secretary of Defense Donald J. Atwood Jr., who is in Japan on a four-day visit since Wednesday.

Prior to the meeting with Yoda, Atwood paid a courtesy call on Defense Agency Chief Yozo Ishikawa.

Atwood urged Japan to increase its share of the yen-denominated expenses for the U.S. Forces in Japan.

Yoda told Atwood that Japan is studying what it can do to help the Americans in new its defense program, which the Defense Agency is currently working on. The defense plan will cover a period of three to five years to begin in fiscal 1991 starting next April.

Atwood's request followed President George Bush's call for more shouldering by Japan of U.S. military costs during a meeting with Prime Minister Toshiki Kaifu in New York late last week.

The Japanese Government is currently paying 440 billion yen a year for the stationing of an estimated 50,000 U.S. troops in Japan.

Atwood said Japan should decide by itself whether it will send noncombatant Self-Defense Forces personnel to back up United Nations peacekeeping efforts in world trouble spots.

He told Yoda that chemical and biological weapons in Third World countries and Soviet strategic nuclear weapons are a potential threat to the world.

Atwood later paid a call on the Foreign Ministry and met for 25 minutes with Foreign Minister Taro Nakayama.

Officials said Atwood called for Japan to swiftly implement a scheme for increased burden-sharing and pressed for further transfers of Japanese defense technology to the U.S. to balance out the reverse flow to Japan.

He stressed the importance of U.S.-Japan security arrangements in ensuring the two countries' common security, political, and economic interests in the Far East region, the officials said.

Nakayama replied that the question of increased burden sharing is now under consideration within the government, they said.

On the transfer of defense technology, Nakayama was quoted as saying it is only natural that it be a two-way process.

Officials said Atwood welcomed Japan's assistance to multinational forces stationed in the Persian Gulf region and to Middle East countries adversely affected by the United Nations embargo on trade with Iraq.

Zenchuro Debates Base Workers' Employment

OW0110042690 Naha NHK Radio in Japanese 2210 MGT 26 Sep 90

[Text] While reorganization and reductions of U.S. military bases are in progress, the Okinawa area headquarters of the All-Japan Garrison Forces Labor Union [Zenchuro] held its first debate meeting last night in Urasoe city to discuss the employment and livelihood of military base workers.

The meeting, held at the Social Welfare Center in Urasoe City, was called to hold wide-ranging debates on future measures at a time when Japanese base workers face an increased burden as a result of the reduction plans for U.S. forces in Japan and a freeze on new employment of base workers. Approximately 180 people from five local branches of the Zenchuro Okinawa area headquarters attended the meeting.

Misao Kamiyama, chairman of the Zenchuro Okinawa area headquarters, opened the meeting and said: We can welcome the return of U.S. military bases in Okinawa with open arms from the standpoint of the prefectural people who are under heavy pressure from bases. However, it does not touch at all on the employment and future livelihood of base workers. We need to promote the unity of our common perception and obtain support from public opinion and the people of Okinawa prefecture.

In the debates which followed the speech, various opinions were expressed one after another. One person said: Following the freeze on new employment of base workers, the average age of base employees has advanced, and their working conditions have become increasingly tough. There should be a forum established at the prefectural government or the Defense Facilities Administration Bureau where we can air our views. Another said: In the wake of the deterioration in the Middle East situation U.S. forces in Okinawa also have been redeployed to the Middle East. We are worried about the possibility of massive reductions in force in the days to come.

The Zenchuro Okinawa area headquarters says that it is even prepared to launch strikes to promote the stable employment of workers and improve their working conditions. Thus, it plans to continue carrying out organizational campaigns.

Government Drafting UN Peace Cooperation Bill

OW0410075790 Tokyo KYODO in English 0659 GMT 4 Oct 90

[Text] Tokyo, Oct. 4 KYODO—Self-Defense Forces (SDF) personnel in a proposed "U.N. Peace Cooperation Corps" would be under the control of a Peace Corps commander, not of the Defense Agency chief, government sources said Thursday.

The sources said the commander's orders will be given top priority, although the Defense Agency director general is partially invested with authority to control the corps.

The Japanese Government is currently drafting a U.N. peace cooperation bill aimed at assisting U.N. peacekeeping efforts such as that in the Persian Gulf.

The government will approve a plan for SDF personnel to retain their status as SDF members during service abroad as peace cooperation corps staff, the sources said.

The sources denied any possibility that Maritime Self-Defense Force (MSDF) destroyers could accompany its supply ships to be sent abroad as part of Japan's contributions to back up U.N. peacekeeping activities.

The corps would monitor ceasefires, monitor and manage elections, and participate in transportation, communications, medical care, refugee relief, restoration work in war-damaged areas, and maintenance and repair of equipment.

Asked whether SDF personnel will be equipped with Stinger portable antiaircraft missiles, the sources said they do not intend to incorporate such a plan into the proposed bill.

A senior official of the Ground Self-Defense Force (GSDF) said Wednesday that SDF personnel should carry such arms as machine guns and portable antiaircraft missiles, if necessary.

The government plans to restrict a U.N. Peace Cooperation Corps to only small arms for self-protection.

Japan's contribution to resolving the Persian Gulf crisis so far has been largely limited to financial assistance to the U.S.-led multinational forces and to frontline nations hit hard by economic sanctions against Iraq.

Arming of Peace Corps Advocated

OW0310144690 Tokyo KYODO in English 1316 GMT 3 Oct 90

[Text] Tokyo, Oct. 3 KYODO—Self-Defense Forces (SDF) personnel in a proposed "U.N. Peace Cooperation Corps" should be equipped with machine guns and stinger portable antiaircraft missiles if necessary, a senior official of the Ground Self-Defense Force (GSDF) said Wednesday.

The official, who requested anonymity, said such a corps, designed to lend a hand in crises such as that in the Persian Gulf and to assist in future U.N. operations, could not fulfill its mission without "minimum" firearms. The corps would also include civilian officials and volunteers, such as doctors and nurses.

"To carry weapons and to use them is different in character. Unarmed SDF personnel would not make any sense at all," the official said. For example, "If Iraq launched an attack against the capital in Saudi Arabia, the Japanese force would need ground-to-air missiles," he said.

Another senior GSDF official said, "If the proposed peace cooperation corps cannot carry such arms (as machine guns and antiaircraft missiles), it would be impossible to dispatch the force to a region" where fighting is possible.

The government plans to restrict a U.N. Peace Cooperation Corps to carrying only small arms for self-protection.

Japan's contribution to resolving the Persian Gulf crisis so far has been largely limited to financial assistance to the U.S.-led multinational forces and to frontline nations hit hard by economic sanctions against Iraq. Responding to foreign criticism of Japan's response as too little and too late, Prime Minister Toshiki Kaifu unveiled the outline of a draft United Nations Peace Cooperation Law on September 27.

Kaifu departed September 28 for a visit to the United States and five Middle Eastern nations.

Kaifu's proposal calls for a "U.N. Peace Cooperation Corps" under the control of a civilian headquarters led by the prime minister. The corps would serve a noncombat role overseas within the framework of U.N. peacekeeping resolutions and the government's interpretation of Japan's war-renouncing Constitution.

The corps would observe cease-fires, monitor and manage elections, and participate in transportation, communications, medical care, refugee relief, restoration work in war-damaged areas, and maintenance and repair of equipment.

Kaifu Speaks at UN Summit on Children

OW0110011290 Tokyo KYODO in English 0049 GMT 1 Oct 90

[Text] New York, Sept. 29 KYODO—Prime Minister Toshiki Kaifu on Sunday unveiled a 700 million dollar fund to promote literacy in the Asia-Pacific region in a speech at the World Summit for Children at the United Nations Headquarters. Japanese Government officials said the fund would be established under the United Nations Educational, Scientific and Cultural Organization (UNESCO) within several months.

In the address Kaifu urged developing nations to give priority to teaching their children to read. "National development can take place only when all people have the opportunity to receive an education," Kaifu said.

"There should accordingly be no more argument as to which should come first, economic development or education," Kaifu told the gathering of 71 heads of state considering the plight of children.

Kaifu, twice former education minister, put a special emphasis on teaching girls to read so that when they become mothers they can better nurture their own children. Of all illiterate adults some 65 percent are women, according to UN statistics.

"I propose that the importance of the education of girls be recognized, as they are the mothers of the future," Kaifu said. However, Kaifu's comments were in contrast to remarks by Nafis Sadik, executive director of the UN Population Fund, who said that education, health, and well-being of girls should be an end in itself.

"Discrimination against girls starts at birth, or even before it when relatives join in hoping for a boy... and affects a woman throughout her life," Sadik said.

"I hope this summit will help to change that."

Kaifu was one of eight leaders chosen to present a speech on four areas in the day-long conference. The areas are ensuring child survival, enhancing development, protection of children in war zones and other difficult circumstances, and converting the concern to action.

Ministry Seeks Talks on Tokyo-Berlin Air Route

OW0410134690 Tokyo KYODO in English 1152 GMT 4 Oct 90

[Text] Tokyo, Oct. 4 KYODO—The Transport Ministry will ask the newly-unified German Government to begin talks on the possibility of establishing a fixed airline route between Berlin and Tokyo, ministry sources said Thursday.

The ministry hopes to start negotiations sometime this month.

Japan Airlines Co. (JAL), which operates regular flight services on the Tokyo-Frankfurt route, has informed the ministry of their desire to extend the services to Berlin.

Lufthansa German airlines has already submitted a petition calling for the opening of a direct flight service between the two cities.

Since a Tokyo-Berlin air route has not been established under the existing aviation accord between Japan and

West Germany, the government must hold new talks and win the approval of both governments in order to have one set up.

New Routes Authorized to Hong Kong, Brussels

OW0410055590 Tokyo KYODO in English 0500 GMT 4 Oct 90

[Text] Tokyo, Oct. 4 KYODO—The Transportation Council, an advisory panel to the Minister of Transport, authorized Thursday new flights by Japan Airlines Co. (JAL) from Sapporo to Hong Kong, and by All Nippon Airways Co. (ANA) from Narita to Brussels.

The Ministry of Transport will give its official permission Friday, ministry officials said.

The new flights start on October 28, with JAL joining with Cathay Pacific and ANA with Sabena in sharing aircraft and crews, they said.

JAL said it will operate three round-trip flights per week, and expects to carry 32,000 passengers in the first year.

ANA will also operate three return flights weekly, with those from Brussels going directly to Narita and those from Narita stopping over in Moscow. It expects 29,000 passengers in the initial year.

Ministry Asks Oil Refiners To Increase Output

OW0410134090 Tokyo KYODO in English 1259 GMT 4 Oct 90

[Text] Tokyo, Oct. 4 KYODO—The Ministry of International Trade and Industry (MITI) is asking Japanese oil refiners to increase their output of oil products, especially kerosene, in the remaining half of fiscal 1990 to meet a seasonal increase in demand and cope with soaring prices for oil products on overseas markets, ministry officials said Thursday.

The officials said the ministry would, in principle, hold down imports of oil products, with the principal exception of naphtha, in the latter half of the fiscal year, ending March 31, 1991, to about half the initially planned volume.

The ministry said imports of oil products would have to be drastically reduced because of fast-rising prices of oil products overseas and in view of a request by South Korea that Japan curb such imports, in the hope that this would hold down international prices. Increased output would also probably hold down rises in domestic prices.

The spot Singapore market price of kerosene Wednesday reached 62 dollars per barrel, almost double that of crude—32 dollars.

The ministry earlier set the optimum output of oil products in the latter half (October to next March) at 106.8 million kiloliters in terms of crude oil consumption ceiling. MITI is asking domestic refiners to increase their output of oil products by about 10 million kiloliters in terms of crude usage, or about 9.4 percent, the officials said.

MITI earlier asked the refiners to increase their output of oil products in the first half (April-September) by 3.6 million kiloliters, in terms of crude consumption.

Economic Cooperation Increases Disbursements

OW0410090490 Tokyo KYODO in English 0804 GMT 4 Oct 90

[Text] Tokyo, Oct. 4 KYODO—The governmental Overseas Economic Cooperation Fund (OECF) said Thursday it provided a record 3.94 billion dollars in net disbursement to developing countries in calendar 1989, up 3.6 percent from a year earlier, as part of Japan's efforts toward greater contributions to the development of the Third World.

The net disbursement—gross disbursement minus recycled funds in the form of principal and interest—totaled 3.94 billion dollars, up 3.6 percent from 1988.

The value represents 44 percent of Japan's total official development assistance (ODA), which came to 8.96 billion dollars last year, the world's largest, the aid agency said in its annual report.

In fiscal 1989 ended March 31, its gross disbursement grew 5.0 percent from 1988 to a record 659.3 billion yen, bringing the outstanding balance of the OECF loans and equity investment to 5.45 trillion yen at the end of the year, almost half that of the World Bank.

The OECF was established in 1961 to provide soft loans to governments of developing nations and private corporations engaging in development projects in these countries.

The agency serves as a main bank in Asia, making greater commitments than the World Bank and the Asian Development Bank to such countries as Indonesia, the Philippines, Thailand, and Sri Lanka.

The report also said the agency has made stepped-up efforts to enhance the quality of its loans through lower interest rates and longer repayment terms, in accordance with Japan's five-year overseas assistance program which started in 1988.

The average interest rate on OECF loans stood at 2.64 percent in fiscal 1989, down 0.1 percentage point from the year before and much lower than the World Bank's, which is around 6-7 percent. For the poorest nations such as Bangladesh, the fund extends loans at a subsidized rate of 1 percent.

The repayment period for loans committed in the year averaged 28 years and three months, compared with 10-20 years set by the World Bank, the report said.

In fiscal 1989, all the loans were so-called untied loans, or loans whose recipients are not required to use the money to buy Japanese goods and services.

Of these, general untied loans, or loans with which borrowers can purchase goods and services from major industrial and developing countries as well as from Japan, accounted for 85.6 percent, up from 74.4 percent in 1988, the report said.

With Indonesia the largest recipient with 178.41 billion yen, the share of loans for Asian countries remained high at 77.5 percent, despite declining recently. In contrast, Africa, Latin America, the Middle East, and Eastern Europe have been steadily expanding their shares.

In line with Japan's pledge of financial help to Poland made by Prime Minister Toshiki Kaifu during his trip to East European countries early this year, the agency also provided its first loans to the country in January 1990.

OECF officials said Eastern Europe is less well placed for loans from Japan because of its relatively better income levels and infrastructure, but the fund is willing to boost its assistance related to environment conservation projects in the region.

They said the OECF laid down a guideline in October last year for recipient nations to pay more attention to environmental effects when they implement development projects.

Ministry Proposes Shorter Weekly Working Hours

OW0410075690 Tokyo KYODO in English 0710 GMT 4 Oct 90

[Text] Tokyo, Oct. 4 KYODO—The Labor Ministry submitted to its advisory panel Thursday a plan requiring employers to shorten the maximum weekly working hours to 44 hours in principle from the current 46 hours.

The Central Labor Standards Council will review the proposal and draft recommendations by mid-November. The move will require a revision of the government ordinances on labor standards to put the new standards into effect next April, ministry officials said.

Japan, under pressure from other industrial nations to reduce working hours, has set a target of slashing the weekly working hours to 40 hours in a step-by-step manner.

But progress has been slow in bringing working hours down because of a loophole in the labor standard law, which allows working overtime beyond the binding standards on working hours under labor-management agreements.

According to a survey released Thursday by the Labor Ministry, only 56.8 percent of companies polled complied with the current 46-hour week requirement in June.

Mongolia

Gombosuren Meets With Baker, Signs Agreement

OW0310134890 Ulaanbaatar International Service in English 0910 GMT 3 Oct 90

[Text] Mongolian Foreign Minister Gombosuren, who is now taking part in the ongoing United Nations General Assembly session, has had a meeting with United States Secretary of States James Baker. The two ministers have exchanged views on the issues of Mongol-American relations and on the international problems that are of mutual interest.

Mongolian foreign minister and U.S. secretary of state have signed an intergovernmental bilateral agreement on the stimulation of investments. This agreement opens up the possibility of making investment in Mongolian economy by the U.S. private firms and is aimed at contributing to the development of economic resources and production capacity of Mongolia.

Byambasuren Seeks Active Ties With Australia

OW2809151290 Ulaanbaatar International Service in English 0810 GMT 28 Sep 90

[Text] The visiting Australian parliamentary delegation was received by Mongolian Prime Minister Byambasuren. Head of the delegation Dr. (Richard Charles Roth) [words indistinct] opportunity to come to Mongolia at this very interesting period characterized by tremendous changes covering all aspects of life of Mongolian society.

Prime Minister Byambasuren has expressed satisfaction with the visit of the Australian parliamentarians as it opens up new prospects for more active relations between the two countries. He voiced satisfaction with the close contacts in the spheres of economy, trade, culture, and science. He also unanimously pointed to the need of establishing intergovernmental ties as soon as possible.

More on Election of Deputy Prime Ministers

OW3009092490 Ulaanbaatar International Service in English 0810 GMT 29 Sep 90

[Text] At the ongoing session of the State Small Hural Dabaadorjiyn Ganbold, leader of the Mongolian Party of National Progress, has been elected vice prime minister. D. Dorligjab, vice coordinator of the Political Consultative Council of the Mongolian Democratic Party, and Choyjilsuren Purebdorj, member of the Mongolian People's Revolutionary Party, have been elected deputy prime ministers.

Now we will briefly introduce to you the biographies of the newly elected members of the cabinet.

Vice Prime Minister Ganbold was born in 1957 in Ulaanbaatar. In 1979 he graduated from the Moscow State University. He is candidate of economic sciences. Until recently Mr. Ganbold has been a teacher at the Higher Political School of the People's Great Hural.

Deputy Prime Minister Dorligjab was born in 1959 in Ubs Province, western Mongolia. He has a legal profession. At the first session of the People's Great Hural he was elected a member of the State Small Hural, a parliament.

The other deputy prime minister Purebdorj was born in 1938 in Arhangay Province, central Mongolia. He is electrical engineer by profession. He was vice director-deputy chairman of the Council of Ministers.

President Forms Civil, Scholarly Councils

OW0110103790 Ulaanbaatar International Service in English 0910 GMT 1 Oct 90

[Text] By the decree of the president, there have been formed the Presidential Civil Council and the Scholarly Council composed of 23 and 24 members respectively. The Civil Council is a consultative organ engaged in the coordination of actions of different political forces and social groups. The Civil Council was authorized to work out suggestions to be included in the presidential decree.

The Presidential Scholarly Council is an independent organ called upon to conduct researches and work out recommendations on all principled issues of state and government policy in socioeconomic, cultural, scientific, and foreign political spheres.

North Korea

No Tae-u's Armed Forces Day Remarks Denounced

SK0410060190 Pyongyang KCNA in English 0540 GMT 4 Oct 90

["NODONG SINMUN on No Tae-u's Remarks"—KCNA headline]

[Text] Pyongyang October 4 (KCNA)—NODONG SINMUN today comes out with a news analyst's article on the malicious speech made by No Tae-u against the North on October 1 at a "government"-sponsored anti-communist function concerning the "ROK Army Day".

The commentary says:

At a time when the Korean people's feelings for reunification are running higher than ever before, No Tae-u himself, the chief executive of South Korea, urged the puppet army to become a "vanguard in opening the era of reunification". His remarks are very ill-boding because they meant inciting military reunification by means of war and "reunification by prevailing over communism", not a peaceful reunification.

Worse still, the traitor No Tae-u went the length of contending that the "ROK Army of the reunified country" should defend peace on the whole of the Korean peninsula including the northern half of the country. In this, he openly revealed the wild design to invade the North.

The South Korean puppets have so far opposed the peaceful reunification and incited "reunification by prevailing over communism". But never have they openly claimed military reunification by invading the North as No Tae-u did.

This is a criminal act throwing a wet blanket over the ardent desire of the fellow countrymen for the peaceful reunification which is surging to a high tide in the North and the South and a vicious challenge to us.

At the first round of the North-South High-Level Talks held in Seoul some time ago, the South Korean ruler said as if he had the intention to build "confidence" between the North and the South and develop North-South relations. But, it has become crystal clear to the world that his remarks were deceptive ones lacking sincerity. While persisting in the design of confrontation, division and war against the North, No Tae-u is playing a double game.

No Tae-u also talked about "total invasion of the South" by the North 40 years ago, "threat of aggression" and "line of communization" in the ensuing period and the like in an attempt to shift on to the North the blame for the aggravation of the tension and the atmosphere of confrontation and war on the Korean peninsula. Needless to say, his outcry was a distortion of the historical facts and was aimed at deliberately deteriorating the North-South relations.

It is natural that people should doubt if any problem would be settled through dialogue with such fellows who have no etiquette to the dialogue partner and even distort history to vilify and hurt it.

Another point that must not go unnoticed is that No Tae-u hintingly preached "unification under the liberal democratic system" by talking about "liberal democracy" which No claimed is "of universal value" for mankind and about "opening."

This revealed, in essence, their sinister intention to get the "upper hand in strength," impose South Korea's "liberal democratic system" on the North and then "reunify the country by prevailing over communism."

We warn the No Tae-u group to wake now from the foolish dream of destroying the socialist system of the North in conspiracy with outside forces.

Daily Denounces U.S. Reaction to Japanese Visit

SK0410052990 Pyongyang KCNA in English 0513 GMT 4 Oct 90

["Impertinent and Arrogant Attitude"—KCNA headline]

[Text] Pyongyang October 4 (KCNA)—A spokesman for the U.S. State Department on September 28, commenting on the Korean visit of the Liberal Democratic Party [LDP] and the Socialist Party of Japan, [JSP] said DPRK-Japan relations should be improved "in the form of indirectly supporting the direct dialogue between the North and the South of Korea that is being promoted by South Korea" and it should be based on the North's clear understanding of the importance of the signing and implementation of the nuclear safegaurd agreement.

This clearly shows the impertinent attitude of the United States to play the boss in the international arena, a news analyst of NODONG SINMUN today says, and continues:

The joint declaration of the Workers' Party of Korea, the Liberal Democratic Party and the Socialist Party of Japan on DPRK-Japan relations is a good thing in developing state relations and building a new Asia, peaceful and prosperous, in keeping with the trend of the present time toward peace and detente.

It is worthy of welcome that Japan in the joint declaration admitted that she should officially apologize and fully compensate to the Democratic People's Republic of Korea for the enormous misfortunes and losses imposed upon the Korean people for 36 years and the losses inflicted upon them in the ensuing 45 years after the war and that she should normalize state relations with the DPRK.

But the United States, displeased with this, has openly revealed its intention to obstruct the normalization of the DPRK-Japan relations, attaching unreasonable conditions to it.

Lurking behind this is an ulterior intention of the U.S. reactionary ruling circles.

The U.S. State Department spokesman's claim that "The Japan-Korea negotiation should be promoted in the form of indirectly supporting the direct inter-Korean dialogue now going on with No Tae-u in the center" means a demand that DPRK-Japan relations should be improved in keeping with the U.S. aggressive Korea strategy.

It is apparent that the United States neither wants the improvement of the DPRK-Japan relations nor is interested in the improvement of the DPRK-U.S. relations but is interested only in heightening tension on the Korean peninsula and obstructing the progress of inter-Korean dialogue. An irrefutable proof of this is the U.S. announcement that the "Team Spirit" joint military exercises, the biggest obstacle to the inter-Korean dialogue, would be continued.

With such intention the United States, while claiming that the problem of the U.S. soldiers' remains is a "precondition" for the improvement of the DPRK-U.S. relations, has not answered yet though nearly 20 days have passed since we informed it of newly discovered remains of eleven U.S. soldiers.

The spokeman for the U.S. State Department brought forward the problem of the nuclear safeguard agreement under the nuclear non-proliferation treaty as a condition for the improvement of the DPRK-Japan relations. It is a question which can be solved immediately after the United States eliminates the nuclear threat to us. The United States must discard the dominationist design to decide the Asian situation under its baton.

U.S. Accused of 'Heinous Aerial Espionage'

SK0410052190 Pyongyang KCNA in English
0503 GMT 4 Oct 90

[Text] Pyongyang October 4 (KCNA)—The U.S. imperialist aggressors are resorting to heinous aerial espionage against the northern half of Korea, according to military sources.

They let a Kadena-based E-3 early warning plane fly above South Korea from around 08:40 to 15:03 October 1 and a U-2 high-altitude strategic reconnaissance plane repeatedly fly above the areas along the military demarcation line from east to west between 10:38 and 18:05 on the same day to commit electronic reconnaissance and aerial photography on targets in the operational depths of the northern half of Korea.

At the same time, they made an aerial espionage on tactical targets in the frontline areas with various types of tactical reconnaissance planes including RV-1, RC-12 and RF-4.

The aerial espionage committed by U.S. imperialists with various types of reconnaissance planes till October 1 from September totalled more than 190 cases.

WPK Fetes U.S. Socialist Workers' Party

SK0410063990 Pyongyang KCNA in English
0508 GMT 4 Oct 90

[Text] Pyongyang October 4 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] arranged a party on the evening of October 3 in honor of the delegation of the Socialist Workers' Party of the United States which arrived here Wednesday.

Choe Tae-pok, alternate member of the Political Bureau and secretary of the WPK Central Committee, addressed the party.

The Korean visit of the delegation will mark an important occasion in developing onto a higher stage the friendly relations between the two parties which are developing favourably day by day and in cementing cooperation and solidarity between the two parties in the struggle to implement the common cause of independence, peace and socialism against imperialism, Choe Tae-pok said, adding:

The WPK will in the future strengthen friendship with the Socialist Workers' Party of the United States in the idea of independence, peace and friendship and fight together to build a peaceful and independent, new world free from aggression and war, domination and subjugation in firm unity with all the progressive forces of the world including your party.

Head of the delegation Jack Barnes, national secretary of the Socialist Workers' Party of the United States, spoke next.

Noting that he has come to Korea to participate in the celebrations of the 45th anniversary of the founding of the Workers' Party of Korea, he said that it is a great honor to them.

It is important to actively support the struggle of the Korean people for the reunification of the country, he said.

He drew attention to the fact that the wrong attitude of the U.S. Government greatly hinders the movement for supporting the reunification of Korea in the United States.

He said he would work better to support the struggle of the Workers' Party of Korea.

Chuche Seminar Announced for 7-8 Oct

SK0410065390 Pyongyang KCNA in English
0458 GMT 4 Oct 90

[Text] Pyongyang October 4 (KCNA)—An international seminar on the chuche idea for the building of a new human-centered society will be held in Pyongyang, the capital of the Democratic People's Republic of Korea, over October 7-8 on the occasion of the 45th founding anniversary of the Workers' Party of Korea.

Delegates Arrive for Seminar

SK0410065590 Pyongyang KCNA in English
0535 GMT 4 Oct 90

[All names as received.]

[Text] Pyongyang October 4 (KCNA)—Foreign delegates arrived here Wednesday by air to participate in the international seminar on the chuche idea for the building of a new human-centered society to be held in our country on the occasion of the 45th anniversary of the founding of the Workers' Party of Korea.

They are delegate of the Popular Force organized in Costa Rica Jose Francisco Aguilar Bulgarelli, general secretary of the party and chairman of the Latin American Institute of the chuche Idea; Professor Humberto Lopez, ex- president of Managua National Autonomous University of Nicaragua; Daler Khan, vice-president of Quaid-I-Azam University of Pakistan; Hugo M. Pons Duarte, vice-president of Havana University of Cuba, and his party; Jorge Raso Arasco, director of the Board of the International Institute of the Chuche Idea and honorary president of Inca Garcilaso de la Vega University of Peru; Benjamin Boccio la Paz, president of the above-said university, and his party; Manuel Amat, president of Ancash National University of Peru; and Milton Burbano, director of the board of the Iiji and professor of Central University of Ecuador.

Earlier, arriving here were a Nepalese chuche idea study delegation headed by Manik Lal Shrestha, director of the Board of the Asian Regional Institute of the Chuche Idea and professor of Tribhuvan University of Nepal; Boubacar Diakite, professor of Conakry University of Guinea, and his party; Mbonigaba Stanislas, chief of the general affairs of the Standing Committee of the National Revolutionary Movement for Development of Rwanda; a delegation of the Somali Socialist Revolutionary Party headed by Mohamed Jama Mohamed, deputy head of the Organizational and Mobilization Bureau of the Central Committee of the party; Grimaldo Morales, professor of Chiclayo University of Peru, and his party; and Chango Machyo, acting political commissar of the Secretariat of the National Resistance Movement of Uganda.

Delegates Arrive To Celebrate Party Founding

SK0410062390 Pyongyang KCNA in English
0549 GMT 4 Oct 90

[Text] Pyongyang October 4 (KCNA)—Foreign delegations and delegates arrived here Wednesday by air to attend the celebrations of the 45th founding anniversary of the Workers' Party of Korea.

They are a delegation of the National Assembly of Nicaragua headed by its vice-chairman Edmund Castillo Ramirez; a delegation of the Democratic Party of Botswana headed by Thuso Makgekgenene, councillor of the National Council of the party; Ruben Fernando Hernandez, political member of the Central Committee of the Communist Party of Salvador, who is a delegate of the party; Magaza Maparala, deputy general secretary of the South African Congress of Trade Union, who is delegate of the congress; and Assih Kossi, deputy secretary general of the Organisation of the African Trade Union Unity, who is a delegate of the organisation.

A delegation of the Japan Committee for Supporting the Independent and Peaceful Reunification of Korea headed by its Secretary General Hiroshi Wakabayashi arrived here earlier.

Costa Rican Group Arrives

SK0410064390 Pyongyang KCNA in English
0506 GMT 4 Oct 90

[Text] Pyongyang October 4 (KCNA)—A delegation of the Christian Social Unity Party of Costa Rica headed by its General Secretary Danilo Chaveri Soto arrived here Wednesday to attend the celebrations of the 45th anniversary of the founding of the Workers' Party of Korea.

'Hundreds of Natural Treasures' Extolled

SK0310223090 Pyongyang KCNA in English
1510 GMT 3 Oct 90

[Text] Pyongyang October 3 (KCNA)—Korea is well known as "the land of morning calm."

Our country sea-bound on three sides is situated in the East of Asia.

Mountains occupy 84 percent of the territory and the average sea level is 440 metres.

There are nearly ninety scenic spots including Mt. Paektu, Mt. Kumgang, Mt. Myohyang and other mountains renowned to the world and five rivers more than 450 kilometres long including the Amnok, Tuman and Taedong Rivers.

The annual temperature is 8 to 12 degrees and the hours of sunshine are 2,280 to 2,680 and the annual rainfall is 1,000 to 1,200 mm.

There are the Sindok spring, the Kangso mineral water spring, the Kyongsong hot spring and 150 other highly efficacious mineral water springs.

Animals and plants of many species grow in Korea with distinct four seasons—spring (March-May), summer (June-August), autumn (September-November) and winter (December-February).

There are found nearly 4,000 species of higher plants, some 100 species of animals and 380 species of birds.

Rivers and lakes teem with 160 species of fishes.

Seas are rich in aquatic resources.

Animals and plants and the landscape are protected under the correct policy of the state.

The country has the Kumgangsan and Myohyangsan and four other nature reserves and there are 15 animal sanctuaries, 14 plant reserves, and sea-bird sancturies and aquatic resources reserves.

Korea has hundreds of natural treasures of educational, academic and scenic significance.

Kim Chong-il Publishes Work on Party Guidance

SK0410042790 Pyongyang KCNA in English 0419 GMT 4 Oct 90

["Comrade Kim Chong-il Publishes Treatise 'The Workers' Party of Korea Always Organizes and Guides our People to Victory'"—KCNA headline]

[Text] Pyongyang October 4 (KCNA)—Comrade Kim Chong-il, member of the Presidium of the Political Bureau and secretary of the Central Committee of the Workers' Party of Korea, published the treatise "The Workers' Party of Korea [WPK] Always Organizes and Guides our People to Victory" in "Kulloja" No. 10, 1990, at the request of this politico-theoretical magazine of the party on the occasion of the 45th founding anniversary of the WPK.

NODONG SINMUN, the organ of the party Central Committee, today carries the full text of the treatise.

The treatise says that through a protracted, arduous yet glorious struggle our party has been strengthened and developed to be a veteran, militant party which always leads the people to victory in any storm and stress and the tested general staff of the Korean revolution which enjoys unquestioned support and trust from the entire people.

Noting that since an acute struggle is going on between progress and reaction, between revolution and counter-revolution in the international arena and the cause of socialism, the cause of the independence of mankind is confronted with a grave challenge of the imperialists, our party is faced with a heavy task for our revolution and the world revolution, the treatise indicates detailed tasks to further strengthen the party and enhance its leading role in the revolution and construction as required by the reality.

The treatise consists of following three parts:

1. The party's leadership is a decisive guarantee of the victory of the cause of socialism.

2. Our party should be further strengthened and developed to be a revolutionary party of the chuche type.

3. The party's leadership should be strengthened with main stress on work with people.

Kim Chong-il's Treatise Published

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[Text] Pyongyang October 4 (KCNA)—NODONG SINMUN October 4 carries the full text of "The Workers' Party of Korea [WPK] Always Organizes and Guides our People to Victory," a treatise published by Comrade Kim Chong-il, member of the Presidium of the Political Bureau and secretary of the Central Committee of the Workers' Party of Korea, in KULLOJA No. 10, 1990, on the 45th anniversary of the founding of the WPK at the request of this politico-theoretical magazine of the party.

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stress on work with people.

In the first part, the treatise notes that the cause of socialism in Korea has advanced victoriously under the leadership of our party and only under its leadership will it be accomplished brilliantly.

Pointing out that our people give full play to their inexhaustible creative initiative in socialist construction under the party's leadership, the treatise says the realities of our country clearly show the imperialists' slanderous argument that the party's leadership curbs the initiative of people is a counter-revolutionary sophism to agitate bourgeois liberalisation and disunite socialism.

The party's leadership is the basic condition for the advance of the cause of socialism on the basis of a correct strategy and tactics of struggle, the treatise notes, and continues:

The strategic and tactical leadership over the cause of socialism can be done only by the working-class party which is capable of indicating a correct way of social and revolutionary development and mobilizing the masses of broad segments. Among all the organizations in socialist society including the state power, the working-class party is the only organization the mission of which is the political, strategic and tactical guidance of society and the revolution and which is capable of discharging this mission.

The treatise further says:

The party's leadership is an essential requirement for holding fast to and thoroughly applying the revolutionary principles in the whole course of accomplishing the cause of socialism.

The history of the revolutionary struggle shows that when one adheres to the revolutionary principles, one can advance the cause of socialism, surmounting any difficult obstacles and trials and when one abandons them, one is bound to change its color and give in halfway.

The revolutionary principles of the working-class party in socialist construction find main expression in how it counters the anti-socialist moves of the imperialists.,

The counterrevolutionary manoeuvrings of the imperialists to impede, disorganise and stifle the cause of socialism can be successfully smashed only by a principled struggle of a working-class party. Reality shows that where the party maintains the revolutionary principle the counterrevolutionary offensive of the imperialists is powerless and where the party steps back from the principle and gives it up, socialism falls ill.

In our country, thanks to the principled struggle of our party, all manner of subversive activities and sabotages of the imperialists have been thoroughly smashed and the cause of socialism firmly defended and even today when an unexpected complicated situation has been created within the communist movement, our revolution is making a long drive without the slightest deviation.

We, proceeding from the fundamental demand of socialist construction and the experience and lessons of the revolutionary struggle, should resolutely adhere to and implement the principle of socialism, the revolutionary principle, in the state and social affairs under the leadership of the party.

In the second part the treatise outlines the need to constantly strengthen and develop our party and thus lead the cause of socialism along a straight road of victory.

What is important above all in strengthening and developing our party is to strictly uphold the revolutionary character of our party as the party of the chuche-type, the treatise says, and continues:

There can be changes in the tasks of the party and its strategy and tactics and method of struggle in the course of the advance of revolution, but there can be no changes in the revolutionary character of the party. If the character of the party changes, the party would lose its original appearance, degenerating into a party of alien color and cannot play the leading role for the revolution.

Today when the imperialists are directing the sharp edge of the spear to degenerating the party, the guiding force of the socialist society, in their campaign against socialism, we should intensify still further the struggle to maintain the revolutionary character of the party.

If the revolutionary character of the party is to be invariably maintained, it is necessary to firmly defend the guiding idea of the party and carry it forward pure and clean.

If the party fails to maintain even the revolutionary principle running through its guiding idea and draws in an ideological trend contrary to it, claiming that it does no longer suit the changed circumstances and conditions, it will fall into revisionism.

Noting that though the revolution advanced far and the circumstances of struggle and tasks changed, our party was able to firmly maintain the class character to suit its revolutionary nature because it conducted the party building and activities on the basis of the chuche idea, the treatise stresses:

A struggle should be waged to firmly defend the purity of the chuche idea so that an alien idea can be strictly barred from infiltrating into our party.

For maintaining the revolutionary character of the party the socio-class foundation of the party must be further consolidated.

What is most important here is to build the ranks of cadres and those of the party with the people who remain faithful to the revolutionary cause and firmly prepared ideologically.

For strengthening our party, it is also essential to defend the unity and cohesion of the party and consolidate them still further.

The unity and cohesion of our party is the singlehearted unity of the whole party which is united as firm as a rock around the leader on the basis of the chuche idea.

The treatise goes on:

Unity which is achieved by the commonness of temporary interests or business-like relations, not by commonness and uniformity of idea, is like a castle in the air. If diverse political views are allowed in the party and each insists on his ism, the party cannot ensure the unity of action but it gives the counterrevolutionaries room to swagger about.

We should continue to intensify education in the party's monolithic ideology among cadres and the party members to thoroughly establish the chuche outlook on the revolution, the attitude towards the leader and make them only think and act according to the idea and intention of the party under whatever complicated situation and uncompromisingly combat even the slightest phenomenon detrimental to the party's unity and cohesion.

The treatise says that in order to apply the idea and guidance of the leader and strengthen the unity and cohesion of the party on its basis, the principle of democratic centralism should be firmly adhered to in the party building and party activities.

If democracy is to be applied in keeping with its essential requirements within the party, it must be combined with centralism, the treatise notes, and goes on:

As centralism is unthinkable apart from democracy in the working-class party, there can be no democracy apart from centralism. Democracy which is contrary to the idea and leadership of the party, pure democracy apart from unified central leadership, cannot be anything but bourgeois democracy and liberalism.

The treatise states that in order to strengthen the party it is important to unite the broad masses around the party and establish close bonds of kindship between the party and the masses as firm as a rock.

The party's invincibility is guaranteed when it has struck deep roots among the popular masses and formed a harmonious whole with them, it stresses.

The treatise says in the third part that strengthening the party's leadership with main emphasis put on work with people is a fundamental way of carrying out the party's mission and tasks as a leading political organisation.

Viewed from the development of party work, our party building and activities have been a course along which work with people has been raised as the first process, the party has been strengthened and the revolution and construction have been led through work with people, it notes.

It points out that what is important in strengthening the party's leadership, laying stress on work with people, is, above all, to do its duty as a mother party responsible for the destiny of the popular masses.

That the party should become a mother who is responsible for the destiny of the masses and leads them is a unique principle of the party's activities laid down by our party, the treatise points out.

What is also important in strengthening the party's leadership, laying stress on work with people, is to employ party methods, political methods, it says, and stresses:

All powers go to the popular masses themselves in socialist society and, accordingly, to govern the popular masses in a bureaucratic and administrative manner in reliance on power is contrary to the nature of socialist power. If the party allows such work method, it will lose support and trust of the popular masses and endanger the existence of itself. Of course, the party in socialist society must not take a road of giving up leadership as the ruling party or weakening state power on the plea of opposing bureaucratic, administrative methods. Bureaucratic, administrative methods are manifested in socialist society because the party's leadership and work of the people's power organs are not done in keeping with their nature. While continuing to strengthen its leadership position, the party should give its guidance to suit the political mode of the working-class party and make the people's power bodies work in conformity with the essential nature of socialist politics.

In order to strengthen the party's leadership with main stress on work with people, it is imperative to firmly establish the party work system, the treatise says and goes on:

In particular, it is important to further strengthen the party's political leadership system in economic affairs. The socialist economy can be built properly only under the leadership of the working-class party. We should develop the socialist economy in conformity with the political tasks of the revolution and the essential nature of socialism by firmly maintaining and further strengthening the party's political leadership system in economic construction. In order to strengthen the party's political leadership in the economic affairs, it is necessary to thoroughly apply the taean work system created by our party.

The treatise stresses in conclusion:

Our party greeting the 45th anniversary of its founding is now united organizationally and ideologically, closer than ever before, and is advancing vigorously along the road indicated by the great chuche idea with the conviction of validity and victory of its cause.

The Korean people see their bright future in the leadership of the Workers' Party of Korea and have the invincible faith that as long as they are under the party's leadership the revolutionary cause of chuche will be surely accomplished. Only victory and glory are in store for our party which has led the revolution and construction with the absolute support and trust of the popular masses, upholding the banner of the chuche idea under the wise leadership of the great leader Comrade Kim Il-song.

Yon Hyong-muk Speaks at Financial Meeting

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[Speech by Yon Hyong-muk, member of the Political Bureau of the Central Committee of the Workers' Party of Korea (WPK) and premier of the DPRK State Administration Council, at national meeting of financial and bank clerks held in the People's Palace of Culture in Pyongyang on 13 September—recorded]

[Text] Comrades, today we are to hold a national meeting of financial and bank clerks under majestic circumstances in which all the people across the country are vigorously waging the grand march movement of the nineties to occupy the new high peaks of socialism by upholding the historic policy speech delivered by the great leader Comrade Kim Il-song at the first session of the Ninth Supreme People's Assembly [SPA].

Attaching great significance to the national meeting of financial and bank clerks, dear leader Comrade Kim Chong-il sent a letter to the participants of the meeting and brightly illuminated the path for the development of the financial and banking works.

The letter of dear leader Comrade Kim Chong-il to the participants of the national meeting of financial and bank clerks is an immortal library which comprehensively summed up and systematized theories of socialist finance. It is a programmatic document elucidating tasks for the domain of finance and banks, and methods for their implementation. It is a militant banner inspiring all the people across the country and financial and bank clerks to implement the party's policy for the financial and banking business. [applause]

All the participants in the meeting, who have received dear leader Comrade Kim Chong-il's letter with great excitement, are filled with boundless emotion and joy, and are overflowing with the passion of loyalty to further develop the financial and banking business under the wise leadership of the party and the leader, and to actively contribute to accomplishing the socialist cause and to expediting the final victory of the chuche revolutionary cause. [applause]

The current national meeting of financial and bank clerks will discuss tasks laid before the domain of finance and banks to strengthen the struggle for production increase and conservation by upholding the great leader's historic policy speech and decisions of the seventh plenary meeting of the sixth party Central Committee and to vigorously accelerate the grand march of the nineties for socialist construction.

The current meeting, held amid the great interest of our party, will be an important occasion for more highly demonstrating the superiority of socialism in our country and for accelerating the chuche revolutionary cause.

Comrades, socialist finance is a means for managing the state and overall household of the nation. It is one of the important questions which the party of the working class and the state which holds power should solve without fail in the course of socialist and communist construction.

The great leader Comrade Kim Il-song has taught: It is the very basic direction of financial management in our country to solve all financial problems by our own strength, by realizing the firm financial foundation of the nation.

With deep insight into the significance of resolving financial questions in the revolutionary struggle and construction work, the great leader Comrade Kim Il-song advanced a unique idea on financial self-reliance based on the immortal chuche idea, and opened a bright path for building self-reliant finance. Thus, he wisely led the people to successfully solve financial problems with our own strength, at every time and every step in the development of the revolution. [applause]

Even during the period of anti-Japanese revolutionary struggle, the great leader Comrade Kim Il-song liquidated the Japanese imperialists' colonial financial and banking system and created a new democratic and popular financial and banking system. He advanced a chuche-oriented and revolutionary financial and banking program on finding the funds, which were required for building the self-reliant national economy and having the people enjoy an independent and rich life, by mobilizing the internal sources of the nation.

According to the financial and banking programs he personally prepared amid the flames of the anti-Japanese revolutionary struggle, the great leader Comrade Kim Il-song established a popular and democratic financial and banking system of the nation and provided a popular financial system for the people, a unique national currency system, the state [word indistinct] system, and the financial management system for enterprises. Thus, he laid a firm foundation on which the nation's financial and banking work can be developed independently.

Even under the difficult and complex circumstances after national liberation, the great leader Comrade Kim Il-song always trusted our people and entrusted the nation's safety to our working class and people. He wisely led the people by encouraging those who had strength to offer strength, those who had knowledge to offer knowledge, and those who had money to offer money so as to build a wealthy and powerful independent state with their own strength. [applause]

Under the energetic leadership of the great leader Comrade Kim Il-song, our people effectively mobilized and utilized the nation's funds to the maximum while vigorously waging the movement for general mobilization of the idea of founding the nation and the patriotic movement for donation of rice. We carried out the struggle for production increases in all areas, including plants and farms. Thus, we began the new history of national rebirth.

During the time of the arduous Fatherland Liberation War, the great leader Comrade Kim Il-song, bearing all the burdens of war, personally organized and commanded the operation for victory in the war and elucidated a unique path for solving war-time financial and monetary problems. Thus, he inspired all the people and energetically led them so as to smoothly meet the enormous demand of war-time funds with our own strength.

As soon as the war broke out, the great leader saw to it that the financial and banking work was reorganized into the war-time system, and the internal accumulation of national economy was ensured by vigorously carrying out war-time production and he saw to it that the frugality movement was strengthened and the all-party struggle to establish financial disciplines was carried out. Thus, he wisely led the people so as to effectively mobilize and utilize all financial resources of the nation for victory in the war.

Even under war-time conditions in which everything was severely destroyed by the U.S. imperialists' barbarous act and the nation's situation was in extreme difficulties, the great leader Comrade Kim Il-song enhanced the level of supplying daily necessities, including food, to the workers and office workers by allotting enormous amounts of the state funds for stabilizing the people's living. He implemented popular policies unprecedented in the war history of any nation, including relief for war refugees, implementation of the overall free medical treatment system, lowering the price of goods and reduction of workers' taxes.

Thanks to such popular policies implemented by the respected leader, our people unhesitatingly dedicated their lives to the fatherland, thankful mother, to the party and to the leader, and won the great victory in the Fatherland Liberation War by humbling the U.S. imperialists' pride and demonstrating peerless mass heroism in the frontline and rear areas. [applause]

Our people, who won the historic victory in the great Fatherland Liberation War, faced the grave and difficult task of promptly restoring the destroyed economy by finding funds by ourselves at a time when everything was destroyed and there wasn't enough of anything. Thus was the task of stabilizing and upgrading the ruined people's living also faced.

Based on his scientific insight into practical demands of the postwar rehabilitation period and into prospects of socialist construction, the great leader Comrade Kim Il-song put forward the basic line for economic construction on developing heavy industry as a priority, and on simultaneous development of light industry and agriculture. He wisely led the people so that they can resolve by themselves the question of funds raised in implementing this line.

The basic line of socialist economic construction on simultaneously developing light industry and agriculture while developing heavy industry on a priority basis was the proper line which precisely reflected the inevitable demand and practical potential in economic development of our country. It was a revolutionary line which made it possible to consolidate the nation's economic foundation in a short period of time and to enhance the people's living standard. [applause]

The great leader, firmly trusting in the might of the popular masses, encouraged the people to find the required funds by themselves, by mobilizing and utilizing the domestic sources of funds to the maximum, based on the principle of self-reliance. The great leader made it possible to attain the maximum economic effect of investment by deciding the direction and order for construction according to the basic line of economic construction and by focusing strength on key projects. Thus, he energetically led the people so as to restore and build a greater number of plants and enterprises with a small amount of funds.

Under the great leader's wise leadership, our working class and workers tenaciously defended and protected our party's basic line for economic construction by overcoming repeated difficulties and repelling the hindrance maneuvers of the factionalists and flunkeyists. They restored destroyed plants and farms with their own funds and consolidated the foundation for the self-reliant national economy during the 3-year plan period by girding their loins and saving time.

Our finances were further consolidated and developed based on the success achieved in the postwar restoration construction amid the great Chollima upsurge, and they financially firmly ensured the great upsurge and progress registered in all domains of national economy.

Based on his deep insight into the enhanced revolutionary zeal of our people with the beginning of the 5-year plan period, which was designed to complete basic socialist construction, and his insight into the situation prevailing in the nation at that time, the great leader Comrade Kim Il-song personally mingled with the workers and inspired them to the vigorous struggle for production increases and conservation. He put forward a revolutionary slogan, "Let us dash forward with the spirit of riding the Chollima!" and ignited the fierce flames of the Chollima great upsurge across the country.

Heartily upholding the great leader's militant appeal, all workers, including the working-class, vigorously carried out the mass struggle for maximum production and maximum conservation by discovering what was insufficient and by producing what was not available and thus they effected a great revolutionary upsurge in the socialist construction. They increased the industrial production by 44 percent and the state revenue by 26.1 percent in 1957 alone, thus creating a miracle.

Under our party's wise leadership, the national accumulations were constantly increased amid the Chollima great march, which spread like wildfire, and thus the nation's financial foundation was unprecedentedly strengthened. As a result of this, we accomplished the historic task of socialist industrialization in a short period of time, and ensured with our own strength the enormous amount of funds required to implement the party's strategic line for turning our country into a socialist industrial nation and for equally developing economic construction and defense construction.

The new circumstances, in which the socialist system was established in our country and the socialist construction was comprehensively carried out, urgently demanded the correct resolution of financial and banking problems and demanded the further strengthening of the functions and role of finance and banks.

The great leader Comrade Kim Il-song keenly analyzed the new demands in the development of the revolution and created the chuche-oriented ideas and theories on socialist financial and banking issues based on the lofty practical experiences he obtained in the course of leading the revolution and construction. He wisely led the people so as to further strengthen the functions and role of finance and banks in compliance with the development of socialist construction. [applause]

Keenly understanding the significance of the state budget in the socialist financial system, the great leader Comrade Kim Il-song wisely led the people so as to correctly formulate the state budget and thoroughly execute it.

During the 7-year plan period, we used the state funds most effectively by strengthening the basic structure of heavy industry and reinforcing its might and by promptly developing light industry and agriculture. We correctly ensured the balance of revenue and expenditures in the state budget, and constantly increased the revenue and expenditures in the state budget according to the rapid growth of socialist construction.

The great leader Comrade Kim Il-song wisely led the people so as to ensure the revenue of the state budget thoroughly with pure income earned by each plant and enterprise in compliance with the popular nature of our nation's state budget and to systematically reduce tax revenue from workers and completely do away with it in the end.

The great leader Comrade Kim Il-song, who dedicated everything to the people, carried out reform of the tax system immediately after the nation's liberation, and emancipated our people from tax plunder by the Japanese imperialists by establishing a truly popular and democratic tax system. Since the nation's economic foundation was laid, he gradually reduced the kinds of taxes and systematically reduced the people's taxes. Furthermore, he put forward a profound plan to completely abolish the tax system and worked out preconditions and potentials for its abolition. For this, he designated abolishing the tax system as an agenda item for discussion at the Fourth Congress of our party.

Thanks to the great leader's wise leadership, the party and the government of the Republic abolished, first of all, the system of agricultural tax in kind. Thus, he emancipated peasants from the tax burden. In 1974, he took a revolutionary step in completely abolishing various taxes in our country.

The complete abolition of the tax system in our country was a historic event declaring an end to the tax system which began with the formation of the state and has been effective for several thousand years in class societies. This was another brilliant victory of the chuche idea, which resolved all questions by assuming men as the center of everything, and was a great reform which made our country the first nation free from tax and our people the first people who do not know about taxes. [applause]

With the complete abolition of the tax system in our country, our people were emancipated from various tax burdens forever, and the practical income of the workers was drastically increased.

To ensure proper management of the local budget, an important element in the state budget, the great leader Comrade Kim Il-song put forward an outstanding policy on the local budget system in 1974, and energetically led the people so as to correctly implement it.

To further glorify the local budget policy advanced by the great leader, our party initiated a movement to win the title of exemplary county in the local budget system, and encouraged all local areas to vigorously carry out a mass movement to demonstrate the superiority of the local budget system.

Under the wise leadership of the party and the leader, we thoroughly implemented the policy of the local budget system and vigorously waged the movement to win the title of exemplary county of the local budget system. As a result, today all cities and counties in our country can make their income equal their expenditures, and even offer money to the state. A number of cities and counties, including Kumya County, Najin City, Yomju County, Tongdaewon district and Sadong district of Pyongyang, Yangdok County, Haeju City, Samchong County, Mundok County, Onsong County, Hanggu district of Nampo City, and Wonsan City implemented the local budget policy in an exemplary manner and entered the ranks of the exemplary counties of the local budget system.

The realities clearly show that our local budget system is a unique socialist budget system appropriate to the specific situation of our country and is a most superior local housekeeping method which makes it possible to smoothly manage a local household by highly demonstrating the creativity of local areas under the controlled guidance of the state. [applause]

The respected leader Comrade Kim Il-song created the great Taean work system in conformity with the new circumstances which had prevailed in the nation since the socialist system was extensively established. He wisely led the people so as to implement the planned work, the management of labor, the management of facilities, the management of materials, financial management and all other management works according to the demand of the Taean work system and to correctly implement the independent profit system.

The Taean work system is a great work system in our own style, created on the basis of scientific analysis of the new circumstances created in our country. It is a revolutionary work system which reflects our party's chuche idea and mass line in economic management.

With the creation of the great Taean work system, all problems raised in economic management, including financial management, were resolved by the revolutionary zeal and creative wisdom of the production masses under the (?unified) leadership of the party committee. The economy has been managed and operated in a scientific and reasonable manner, too.

Through the struggle to thoroughly implement the Taean work system created by the great leader, the party's leadership over financial management and overall economic management has been further strengthened and the revolutionary work style of giving priority to political work over other work and of higher echelons' helping lower echelons was thoroughly established. Thus, the communist spirit, with which producing masses voluntarily participate in production and business management while helping and leading each other, was highly demonstrated. [applause]

Our party has not only seen to it that the Taean work system is thoroughly implemented, but has also concentrated great efforts on correctly implementing the independent economic accounting system in conformity with the demands of the Taean work system. Our party has extensively elucidated the problems which arise in correctly implementing the independent economic accounting system according to the demands of the developing reality, and has set forth a unique policy regarding the semi-independent economic accounting system and the double independent economic accounting system. At the same time, our party has deliberated on the regulations governing the independent economic accounting system at state-run enterprises which were mapped out again by the plenary session of the party Central Committee and took revolutionary measures for thoroughly implementing these regulations in all fields of the national economy.

Thanks to the energetic guidance of our party, we have been able to conduct economic management on a planned basis and in a scientific and reasonable way. We have done this by correctly using various economic means such as prices, cost, and profits, while thoroughly abiding by the [word indistinct] principle of discretion in enterprise management and operation, in conformity with the essential nature of the socialist system and with its transitional character. At the same time, with the active use of various forms of independent economic accounting systems, including the semi-independent economic accounting system and the double independent economic accounting system, and with the constant expansion of the ranks of the independent economic accounting system, a new turn has been effected in improving economic management and in operating the country's economy. [applause]

The great leader Comrade Kim Il-song has been interested in strengthening fiscal discipline and has wisely led our people to assiduously and meticulously manage the country's economy by correctly conducting financial summation and financial statistics. Attaching great significance to financial summation in a bid to strengthen the fiscal discipline of the country, our party has set forth a unique policy regarding daily production and financial summation and has seen to it that work teams correctly conduct daily production and financial summation; that work shops, plants, enterprises, committees, ministries, and even the State Administration Council establish the orderly financial summation system by the ten-day period, by the month, by the quarter, and by the year; and that the financial summation system be regularized and routinized.

The daily production and financial summation system created by our party is a revolutionary financial summation system of our own way, which makes it possible for the producer masses not only to become the genuine masters of production and enterprise management by embodying the immortal chuche idea and the revolutionary mass line, but also to constantly improve financial management by enhancing their roles. [applause]

The superiority and vitality of the daily production and financial summation system have been clearly proven by the practice of the system for the past two decades, and this system has been expanded today not only to all production units of the national economy, but also to nonproduction units. Thus, the system has proven its worth in production and management today. [applause]

Our party has seen to it that the unitary management principles are thoroughly implemented in financial management, that strict discipline is established in the execution of the state budget, and that the struggle to do away with all sorts of useless formalities and vanity and to practise conservation is vigorously waged. Thus, our party has seen to it that the country overflows with revolutionary fiscal discipline and the habit of assiduous economic activities.

Our party has concentrated great efforts on more smoothly circulating currency by enhancing the function and role of banks and on further consolidating the currency system by enhancing the function and role of banks as socialist construction is further deepened and developed.

Under the wise leadership of the party and the leader, currency reform was successfully carried out in our country soon after the nation's liberation, and a new independent currency system was established. Thus, circulation of cash was organized in a planned manner, and socialist production relations were formed in cities and farms. Besides, exchange of currency was implemented in compliance with new circumstances in which the nation's economic foundation was strengthened and value of currency was upgraded. As a result, the independent currency system was further consolidated and developed.

By waging the light industry revolution and service revolution, our party strengthened the work of guaranteeing commodity value of currency and consolidated the circulation of the nation's currency by organizing currency circulation system. On the other hand, our party adopted a policy to put new money into circulation according to the new demand in the development of the revolution and directed deep attention to the work for implementing the policy.

Thanks to our party's energetic leadership, the chuche-oriented currency reflecting the brilliant realities of chuche Korea was put into circulation, and exchange work was successfully carried out. Thus, the independent currency system in our country was further developed. [applause]

In conformity with the realities in which the economic scale of local areas was enlarged and the residents' cash income increased each day according to the rapid development of the national economy, our party put forward a policy for implementing the system of assigning responsibility for cash circulation in each local area and enhanced the responsibility and role of local district in organizing the cash circulation in a planned manner.

Through the system of assigning the responsibility for the amount of cash circulation in each local district, our party saw to it that reserves and potentials were fully mobilized in all local areas, and the struggle to increase cash income to the maximum and to economize the expenditure of cash was turned into a mass work. Thus, our party further consolidated the overall cash circulation of the nation together with cash circulation in local districts and saw to it that local households were more properly maintained.

In order to expand and develop political, economic and cultural exchanges with other countries and to further consolidate the nation's currency circulation, our party attached great importance to the work of managing foreign currencies and led the people so as to be revolutionary in improving the work of managing the foreign currencies of the nation.

Under our party's leadership, the state-controlled foreign currency management system was established in our country in an orderly manner and strict discipline was established in the circulation of foreign currencies. As a result, bank organizations, including trade banks, actively carried out financial activities with banks of many nations of the world, based on the principle of equality and mutual benefits and they earned the greater amount of foreign currencies.

Thanks to the wise leadership of the great leader Comrade Kim Il-song and dear leader Comrade Kim Chong-il, and to the devoted struggle of all the workers who are endlessly loyal to the party and the leader, our nation's finance has been constantly strengthened and developed into chuche-oriented socialist finance which has reliably ensured the enormous demand of funds required in the revolution and construction. [applause]

In particular, our finance properly ensured financially the great construction projects to realize the 10-point prospective goals for socialist construction in the eighties, which were put forward by the sixth party congress, and the people's material and cultural life, which has constantly been enhanced.

Our party always directed its strength to great construction projects which were carried out on an unprecedentedly enormous scale, and successfully resolved the acute problems with funds by concentrating investment in major construction projects. With peerless courage and persistent revolutionary driving force, our party and leader victoriously led the great socialist construction struggle by boldly overcoming various difficulties.

Thanks to outstanding and refined leadership of the our party, our people have been able to victoriously carry out the great construction struggle, which was unprecedented in the history of our nation, and to build a large number of great monumental creations of the era of the Workers' Party everywhere. Thus, we glorified the eighties as a proud era of construction by displaying the might of the self-reliant socialist national economy and honor of the fatherland to the entire world. [applause]

A worthless, collapsed colonial economy and empty coffers were turned over to us after the nation's liberation. However, under the wise leadership of the party and the leader, our country's scale of finance, which started from zero, has increased by 2.051 times in 43 years and its income has constantly increased.

Today, our finances ensure an income equal to what could be earned during all of 1949, in a mere 2.3 days.

By providing a solid, independent financial foundation based on a firm self-reliant national economy, we have been able to implement several prospective plans based on our own financial resources since the nation's liberation up to the present. In the eighties, we have directed to great socialist construction an enormous amount of major construction funds, which has showed an average 1.5 times increase each year over the seventies. We are successfully carrying out the magnificent goals of the Third Seven-Year Plan based on our own funds.

This clearly shows how solid and powerful our self-reliant economy is and how vigorously it ensures socialist construction. [applause]

Our country's finances, even while directing an enormous amount of money to economic construction, firmly ensure the popular policies of the party and the government for raising the people's socialist living standard so that these policies can be successfully implemented.

Thanks to the great benevolence of the great leader and our party, various popular, communist policies, including free education, free medical treatment, guaranteed food and fuel with state funds, supply of clothing to children and students, guaranteed housing with the state sharing the cost, and social security and social insurance at the expense of the state, have been traditionally implemented in our country.

Thanks to such policies, our people are enjoying to our hearts' content the independent, creative, and rewarding life without worrying about food, clothes, and shelter; about education for children; and about treatment of diseases, and without knowing even the word tax, while receiving enormous additional benefits from the state. [applause]

In particular, in our country, workers and office workers and their families are supplied with foodstuffs at a price so cheap as to be virtually free of charge. Therefore, each household receives additional benefits each year equivalent to half a year's living costs for a worker. The educational fee, amounting to 15,000 won, which is required to send a child to nursery school, kindergarten, primary school, middle school, and university, is being guaranteed by the state. The benefits which the people receive from the state are greater than the living they earn from work. Furthermore, the peasants receive additional benefits which are more than half of their total income.

All these popular policies are communist policies which are constantly expanding and developing in our country.

They vigorously demonstrate the genuine superiority of the socialist system in our country which made the people the masters of the nation and which serves the working popular masses.

These policies clearly prove the popular nature of socialist finance in our country. [applause]

In our country, the defense expenditure, aimed at implementing the party's military line for self-defense to cope with the prevailing situation and at strengthening the nation's defense capabilities, is met totally by our own finances.

Indeed, our nation's socialist economy is a most superior chuche-oriented one actively contributing to embodying the principle of independence in politics, self-reliance in economy, and self-defense in national defense and is a popular finance which makes it possible to highly display the superiority of the socialist system and to constantly upgrade the socialist living standard.

Our people laid such a firm self-reliant financial foundation as today with our own strength on the land where everything was destroyed and are vigorously accelerating socialist economic construction. This is a result of the wise leadership of the great leader Comrade Kim Il-song who brightly illuminated the path for socialist finance and banks in our country and who is making every effort to succeed along the path and is a precious fruition born by our party's energetic leadership. [applause]

Putting forward most precise financial policies in each stage of the development of the revolution, the great leader Comrade Kim Il-song vigorously inspired all of us to accomplish them. While conducting on-the-spot guidance by traveling a long way and visiting plants and enterprises, he taught functionaries how to manage the finances, how to calculate cost, and how to conduct evaluation of (?properties) and settlement of accounts. Visiting cooperative farms, he taught functionaries how to manage common properties and finance. He led all plants, enterprises, and cooperative organizations to properly manage finance and give the interest to the state.

The great leader Comrade Kim Il-song organized the liberated fatherland's first finance and bank clerks and took good care of them so that they would properly manage the nation's finances. He even visited branch offices of small banks and gave programmatic guidelines for finance and bank clerks, encouraging them to be honorable functionaries responsible for the national treasury.

Even while busy creating the great paradise of chuche-oriented arts, dear leader Comrade Kim Chong-il, who is brilliantly implementing the lofty intentions and profound ideas of the leader, personally organized revolutionary model units in financial management, including the work of summing up daily production and finance, and saw to it that this system was implemented across the country. He brought forward finance and bank clerks as the managers of the people's finances and wisely led all functionaries so as to correctly manage the nation's finances with correct position and attitude toward finance and to correctly execute the budget of the state.

Dear leader Comrade Kim Chong-il instructed finance and bank clerks to convene a national meeting when a new great upsurge was registered in socialist construction. He also vigorously inspired finance and bank clerks across the country to undertake the great socialist construction.

Today when the grand march of the nineties has begun, he again provided a magnificent national meeting of finance and bank clerks and opened a revolutionary path for them to effect a revolutionary turning point in financial management work. [applause]

Availing myself of this significant national meeting of finance and bank clerks, I extend greatest honor and deepest thanks, together with boundless respect and ardent loyalty of finance and bank clerks and economic guidance functionaries of the entire nation, to the great leader Comrade Kim Il-song, who is wisely leading all of us to the rewarding struggle for wealth and development of the nation and for promotion of the people's welfare while dedicating his whole life to freedom and liberation of the people, and to dear leader Comrade Kim Chong-il. [applause]

Comrades, today we are faced with the glorious task of further improving and strengthening the work of finance and banks in compliance with the demand of the developing realities and to occupy the new peaks of socialism by accelerating the grand march of the nineties.

In his historic policy speech at the first session of the Ninth Supreme People's Assembly, the great leader Comrade Kim Il-song put forward brilliant programs for socialist construction in the nineties and programmatic tasks for fully displaying the superiority of socialism in our country.

The great leader Comrade Kim Il-song has taught: We are faced with glorious tasks to occupy the new high peaks of socialism by vigorously accelerating the revolution and construction and to comprehensively demonstrate the superiority of socialism in our country.

The brilliant programs and tasks of struggle for the nineties put forward by our party demand that we firmly financially ensure the grand march of socialist construction by effecting a turning point in the work of finance and banks.

Only when the work of finance and banks is improved and strengthened and the nation's financial foundation is further consolidated, can we successfully occupy the new high peaks of socialism by vigorously accelerating economic construction and can we comprehensively display the superiority of socialism in our country by constantly upgrading the people's living standard.

We should effect innovations in the work of finance and banks and vigorously wage the struggle for production increase and conservation. We should further consolidate the nation's independent financial foundation by frugally managing the nation's housekeeping. Thus, we should expedite the complete victory of socialism and actively contribute to building a people's paradise on the land of the fatherland.

The most urgent task before us in improving and strengthening the work of finance and banks at present is to thoroughly implement the programmatic tasks indicated in the historic letter sent from dear leader Comrade Kim Chong-il to the participants in the meeting.

As elucidated by dear leader Comrade Kim Chong-il, socialist finance is the finance for working popular masses. In socialist society—where the working popular masses have become the masters of the sovereignty of the state and production means—those who create the financial resources are the working masses. Created financial resources are used for the working masses.

Giving priority to the demand and interest of the working masses, we should resolve all financial problems by depending on the voluntary zeal and creativity of the working masses, thus making our finance genuine finance for the people. [applause]

What is important in socialist financial management is, above all, to correctly formulate and execute the state budget, which constitutes the basis of the socialist financial system.

The state budget is the nation's basic financial plan, which defines, and intensively reflects the status of, the overall housekeeping of the nation.

The issue of frugally managing the nation's housekeeping and upgrading the people's living standard by accelerating the socialist construction largely depends on how we formulate and execute the state budget.

We should keenly realize the mission and role of the state budget in the overall housekeeping of the nation and correctly formulate the state budget. We should also direct our primary attention to the precise execution of the state budget.

By directing keen attention to the work of formulating the state budget, all financial organizations should formulate a scientific, dynamic, and realistic budget which correctly embodies the party's lines and policy and mobilizes all reserves for production increase and conservation.

The financial functionaries, extensively mingling with the masses, should actively mobilize all reserves for production increase and conservation by substantively carrying out the work of discussions with the masses for the state budget and for the preparations of financial plans of organizations and enterprises. They should calculate the sources of income and demand of funds in a scientific manner. In particular, the responsible functionaries should personally handle this work and carry it out in a responsible manner.

Financial organizations should properly link the state budget to detailed plans of national economy by further improving the method of formulating the state budget. Thus, they should smoothly ensure the funds required to implement national economic plans so as to make the state budget actively function in the preparation of plans of national economy.

We should not only correctly formulate the state budget but also establish strict disciplines for correctly executing it. The state budget is the law of the nation, and no one is entitled to freely revise it; one has the mission only to execute it.

Cherishing a lofty sense of responsibility, all organizations and enterprises should correctly execute the state budget and actively increase the income of the state budget. They should actively wage the struggle to effectively use state funds while economizing them to the maximum.

By thoroughly implementing our party's policy for increasing the sources of income, we should increase the budget income based on the principle of always giving priority to the interest of the people and of upgrading the people's living standard.

Plants and enterprises of all domains of national economy should actively discover and mobilize their internal reserves and should normalize the production at a high level by utilizing the existing economic foundation to the maximum. They should also increase the internal accumulations of the national economy by strengthening the struggle for production increase and conservation and by systematically lowering the cost. They should correctly execute the plan for income of the state budget.

As we continue to increase the state budget revenue, we should correctly distribute and properly expend budget funds so that we can effectively utilize the country's funds.

Correctly distributing the national income and maintaining balance between revenue and expenditure [chukjok kwa sobi] are the most important tasks in expending the state budget. In maintaining balance between revenue and expenditure, we should place revenue above expenditure, while continuously increasing expenditure according to the policy consistently maintained by our party. By so doing, we should correctly distribute and utilize the state budget funds so that we can better realize the expanded investment [hwakdae chaesaengsan] to systematically increase national income and continuously enhance the people's living.

In expending state budget funds, expending the funds for the people's economy aimed at expanding and developing the socialist production should be given priority above all, firmly ensuring that priority is given to production-oriented construction over nonproduction-oriented construction in investing in the major construction projects.

Continuously increasing the funds for the improvement of the people's well-being, such as for the social and cultural policy, clearly shows the unequalled superiority of our country's socialist system, which values man most highly as well as the people-oriented nature of the state budget of the socialist country. To uphold the will of the party that we not begrudge spending money on work to enhance the people's living, we should continue to increase the expending of funds to improve the people's living—such as the expenses for implementing the social and cultural policies—so that we can further develop science, education, culture, public health, and sports. By satisfactorily ensuring the implementation of the communist and people-oriented policies which are worked out and developed in our country, all benefits provided for the people by the party and the state will be distributed correctly. [applause]

Functionaries of the finance and banking sector should establish rigorous discipline and order in expending state budget funds, should be prudent in spending state funds, should supply funds required within the scope of the budget, and should save—and spend sparingly—as best they can the funds of the country in all sectors and units of the people's economy. In particular, the budgetary organizations should reduce and simplify their own organizations and intensify the struggle to save the state funds as best they can.

We should thoroughly implement our party's policy of local budget system, the vitality of which has been fully proven through practice.

All provinces should firmly adhere to the local budget system, which is a socialist budget system of our own style that has been provided originally by the great leader, and firmly manage the affairs of the local areas, exerting a high sense of responsibility and creativity, so that they can correctly execute the local budget and correctly execute the overall state budget. All cities and counties should vigorously try: to win the local budget system model county title given by our party, to continuously increase the ranks of the local budget system model counties, and to further highly exalt the superiority of the local budget system.

All our functionaries should correctly prepare and execute the state budget so that our country's state budget can become a people-oriented budget, which financially ensures the independent and creative life of the working popular masses, and an independent and solid budget based on the mighty socialist self-reliant national economy. [applause]

To correctly carry out the financial work of the country, we should continuously improve and strengthen the financial management of plants and enterprises. We should carry out good financial management of plants and enterprises, which are the backbone of the socialist financial system and comprehensively reflect the operation of the enterprises, so that we can manage the operation of the country as a whole and continuously improve the managerial activities of plants and enterprises. We should be deeply aware of the significance of plant and enterprise finances in improving the country's overall financial and enterprise management and place major emphasis on the financial management of plants and enterprises so as to decisively enhance the function and role of finance, so that we can bring a new upturn in enterprise management as a whole and thoroughly implement the party's policy on maximizing production and saving. [applause]

In socialist society, plant and enterprise finances should be managed and operated according to the Taean work system which embodies the natural demand of the socialist system, and it should be managed and operated according to the principle of the independent economic accounting system, which reflects the transitional nature of socialist society. We should manage plant and enterprise finances on the basis of thoroughly implementing the demand of the Taean work system and solve the problems related to financial management according to the Taean work system.

The basic spirit of the Taean work system is the mass line, and the basis of the financial management based on the revolutionary mass line is to ensure the direct guidance of the party committee for the financial management of plants and enterprises and to solve all the problems arising in financial management by giving priority to political work and inciting the producing masses. In all plants and enterprises, all the problems arising in financial management, from making financial plans to the summation of finance, should be discussed and decided at the plant and enterprise-level committees and carried out according to the revolutionary zeal of the producing masses, so that the financial management can thoroughly become the work of the producing masses themselves, rather than the work of a handful of bookkeeping functionaries.

The independent economic accounting system is a rational method of managing and operating enterprises, which manages plants and enterprises in a planned manner with relative independence in management under the centralized guidance of the state. We should ensure that all the plants and enterprises correctly put into practice the independent economic accounting system so that we can actively exalt the revolutionary zeal of the producing masses so as to carry on enterprise management more scientifically and rationally and vigorously conduct the struggle for producing more and saving more.

Above all, the plants and enterprises should rationally utilize economic leverage, such as cost, pricing, and profit, so as to manage their operations assiduously and efficiently. Unless they correctly utilize the indexes such as cost, pricing, and profit, they will suffer much waste as a result of random financial management lacking science, unable to know properly even the profit and loss for the state and the enterprise. All the sectors and units of the people's economy should make it a firm rule of the enterprise management and operation to calculate cost, which is the basic index to define the quality of the managerial activities of the enterprise, and systematically reduce cost.

The plants and enterprises should make a detailed cost plan in conformity with the demand for individualizing and specifying plans, give a clear cost plan or saving task to all the work places, work teams, and producers, and by correctly using the cost as a means to appraise and control the results of managerial activities, they should make all the functionaries and working people deeply interested in the implementation of a cost plan.

At the same time, we should remove the phenomenon of wasting and intensify saving guidance so that we can reduce the cost. Our goal is to thoroughly implement the task of reducing cost by at least two percent in the industrial sector and at least three percent in the construction sector set forth by the 17th plenary meeting of the sixth party Central Committee.

Along with cost, we should correctly utilize the pricing leverage. We should set prices properly and apply them precisely. This is of great significance for the plants and enterprises to correctly carry out the planning work at the plants and enterprises, precisely calculate the profit and loss in the managerial activities, and precisely appraise the results of these steps.

The pricing organizations should set the prices correctly so as to ensure the pricing balance between the goods. In particular, we should make sure that producers at the plants and enterprises take an interest in technological innovation and improvement of quality. At the same time, we should utilize the consultative pricing system [hyobui kagyok chedo] well so as to increase the variety of the people's consumer goods and improve their quality. The plants and enterprises should establish a rigorous discipline in the application of prices and correctly utilize the pricing leverage as a means to calculate and control so as to correctly make economic calculations, use the facilities and materials as sparingly as possible, and prevent such phenomena as purchasing useless facilities and materials in large quantities and piling up and hoarding them.

We should see to it that plants and enterprises have a keen interest in production increase and conservation by correctly utilizing the profit leverage.

In distributing profits, we should maintain the principle of ensuring the portion to be turned into the state on the priority basis. At the same time, we should see to it that plants and enterprises are provided with a certain amount of bonuses and operational funds according to the degree of fulfillment of profit-making plans.

Thus, we should see to it that plants and enterprises, while offering a greater amount of profits to the state, are provided with their own shares according to the profits they have earned by excellently carrying out management of production and enterprises. Plants and enterprises should be modernized and scientifically oriented. At the same time, we should encourage employees to constantly improve their working and living conditions.

In line with scientific and technological development, we should make scientists and technicians interested in developing science and technology and in accepting advanced technology by correctly utilizing the profit leverage.

In order for plants and enterprises to correctly implement the independent profit system, they should reasonably use such economic leverages as cost, price, and profits. They should correctly apply the independent profit system and constantly increase its usage.

Organizations and enterprises in all domains of national economy should correctly apply the independent profit system, the semi-independent profit system and the dual independent profit system, which are implemented in our country, according to the characteristics of organizations and enterprises so that vitality of the independent profit system is more highly displayed and its ranks are constantly increased.

The semi-independent profit system is to be mainly applied in units that are unable to implement the independent profit system, as well as among organizations and enterprises in non-production fields. These units should, in principle, increase the portion of profits they earn as the fund to be used for their business activities while reducing the funds given by the state.

The great leader Comrade Kim Il-song said that complex general bureaus and management bureaus carry out functions as an extensive planning unit and a production unit. They even have a number of plants and enterprises that operate the independent profit system. He taught that complex general bureaus and management bureaus, as well as plants and enterprises under their control, should implement the dual independent profit system.

We should see to it that all complex general bureaus and management bureaus are operated on the basis of the independent profit system and that business activities of complexes are closely linked with that of their subordinate plants. Thus, we should further develop our own form of dual independent profit system.

To improve and strengthen the financial management work of plants and enterprises, the role of financial management sections in central organizations, including committees and ministries, and in complexes should be enhanced.

The financial management sections in the central organizations including committees and ministries are the sections for financial management of each domain with the mission to carry out and control a part of the financial work of the national economy in our nation's financial system.

The financial management sections in the central organizations including committees and ministries should establish a work system in an orderly manner to correctly guide and control the financial management work of their subordinate plants and enterprises according to characteristics of the pertinent domains. They should correctly understand and guide overall financial management work, from financial planning and summing up to the independent profit system.

In our country, a number of complexes have been built, and plants and enterprises are carrying out production and business activities within the system of complexes. This reality demands that the role of financial management sections in complexes should be enhanced.

Functionaries of financial management sections in complexes should go down to subordinate plants and enterprises on a regular basis, and should promptly grasp problems arising in financial management and resolve them in a responsible manner. They should substantively help people do housekeeping in a frugal manner.

At the same time, we should see to it that limitation of duties and functions between financial management departments in committees and ministries and financial management sections in complexes should be further improved and perfected in compliance with the demands of the developing realities.

The role of banks should be further enhanced according to the demand of the reality under which national economy is developing. Banks are important state organizations which ensure the currency circulation of the nation and are carrying out this control by means of the won so that organizations and enterprises in all domains of the national economy correctly execute the national budget and improve business management.

By enhancing the role of banks, we could consolidate the currency circulation of the nation, smoothly ensure the funds required for executing the plans of the national economy and intensify this control with the won. Thus, we should more vigorously accelerate socialist economic construction and frugally manage the overall housekeeping of the nation. [applause]

The currency circulation of the nation is of great significance in developing the national economy in a planned manner, in managing and operating the socialist economy in a reasonable manner and in systematically upgrading the people's living standard.

Bank organizations should direct great effort to consolidating the currency circulation of the nation and in particular, to smoothly ensuring the circulation of cash.

The Central Bank should correctly formulate the plan of cash circulation in conformity with the plans for the national economy and financial plans. The Central Bank should see to it that all bank organizations and enterprises correctly execute the plan of cash circulation and that the discipline in cash circulation be closely abided by so that the circulation of an appropriate amount of currency is always guaranteed.

At the same time, they should thoroughly implement the party's policy for the system of responsibility for cash circulation in each local area. They should see to it that the necessary cash is guaranteed in all local areas with their own income according to the nation's cash plan and cash circulation is more satisfactorily ensured.

We should more vigorously wage the work of deposit and insurance as a mass movement.

Deposit and insurance are not only important means for mobilizing idle currency and funds to use for the nation's economic development and upgrading the people's living standard but also have a great significance in attaining the smooth circulation of cash.

Local administration and economic organizations and bank organizations should strengthen the work of explanation and propaganda on the work of deposit and insurance. By using various forms of deposits and insurance, they should encourage the workers to voluntarily broadly participate in deposit and insurance. Thus, they should actively guarantee the convenience of the residents in the work of deposits and insurance.

In order to enhance the purchasing power of currency and to attain the smooth circulation of cash, we should strengthen the work of guaranteeing commodities.

Upholding the party's light industrial policy, we should effect a great upturn in the production of the people's consumer goods and supply the goods for the people satisfactorily meeting their demands not only with respect to quantity but quality as well for all products, thereby enhancing the people's living and ensuring the money supply of the country more smoothly.

At the same time we should properly organize the cashless circulation which is of important significance in money circulation. We should concentrate the money and funds of all organizations and enterprises to the bank, thoroughly establish the principle of carrying on money transactions only through the bank, and by reasonably organizing the cashless circulation in conformity with the developing reality, we should promote revolving of funds and satisfactorily realize the planned circulation of goods among organizations and enterprises.

It is an important mission of the bank to precisely supply the funds necessary for the managerial operation of the organizations and enterprises of all sectors of the people's economy and intensify the control of the won so that they can use them effectively. The banking institutions should, above all, supply the state's budget funds precisely and intensify financial control so that they can be used properly. They should precisely supply the state's budget funds, such as funds for the major construction projects, repair and reconstruction funds, funds for the people's economic work, and funds for implementing social and cultural policies, within the scope of the budget not in excess of the actual requirement and see to it that they are effectively used for the purpose intended so that they can satisfactorily support the economic and cultural construction financially, intensify the saving guidance in all sectors of the people's economy, and thoroughly eliminate all the wasteful phenomena.

The banking institutions should carry out the loan work correctly and precisely supply the funds required by the plants and enterprises not in excess of the requirement. By supplying them without fail and in a timely manner, they should properly manage the socialist economy. By the effective use of funds, they should ensure that utmost economic success is attained with less expenditure. At the same time, control through settlement [kyolje] should be intensified so that all organizations and enterprises can supply and receive goods and materials according to plans and agreements and rigorously abide by the principle of the payment of the masses and the principle of paying for the state budget.

Precisely supplying the funds for remuneration for labor in conformity with the demand of the socialist labor remuneration system is important to thoroughly implementing the principle of the socialist distribution according to the quality and quantity of labor and to greatly inspiring the working people's revolutionary zeal and creative activeness. The banking institutions should precisely supply the funds for the cost of operating the plants and enterprises to the degree of their work and earning in implementing the state plans, and correctly calculate and supply the additional labor remuneration funds, such as prize money and subsidies.

It is one of the important duties of the central bank to grasp and register thoroughly all the fixed assets of the country and financially control them so as to manage them well. The banking institutions should thoroughly grasp and register in a timely manner all the fixed assets of the organizations and enterprises of all sectors of the people's economy, rigorously establish systems and order in the management of them, and conduct the work of cherishing and managing the properties of the state and society more vigorously as the work of the entire masses.

As an immediate task, we should effectively carry out the work of generally grasping the (?physical inventory) of all the socialist properties which is conducted according to the decision of the 17th plenary meeting of the sixth Party Central Committee so that we can well protect the valuable properties of the country provided by the toil of our people and thoroughly establish a socialist order in the management of properties.

By enhancing the role of trade banks, we should further improve and strengthen the management of foreign currency holdings in compliance with the developing realities and should establish strict discipline in the circulation of foreign currency.

Today's reality—in which our nation's external dignity has been enhanced and political, economic, and cultural exchanges have been expanded and developed with each passing day—demands that the work of managing foreign currency holdings be strengthened according to such reality.

By more thoroughly establishing the nation's unified management system for foreign currency holdings, we should see to it that strict discipline should be established to encourage organizations and enterprises to concentrate the foreign currencies they have earned in trade banks and to use foreign currency only under authorization by the state.

In particular, we should strictly control foreign currency lest it is directly circulated within the nation and transactions are carried out between organizations and enterprises with foreign currency.

At the same time, we should see to it that business relations with banks of various nations of the world should be constantly expanded on the basis of the principle of independence and the principle of equality and mutual benefits to earn a greater amount of foreign currency by actively advancing into the international financial markets.

By strengthening financial summation and financial control, the financial and bank organizations should direct great strength to establishing revolutionary discipline throughout the country.

Establishing financial discipline is one of the basic missions of the financial and bank organizations and financial management sections in all organizations and complexes. The financial and bank organizations and financial management sections in all organizations and complexes should strengthen financial summation and financial control according to the mission of the financial and bank organizations and should establish the revolutionary financial discipline throughout the country.

It is important, above all, in strengthening the financial discipline to correctly establish the financial summation system. We should strengthen the financial summation work including the summation of daily production and finance advanced by dear leader Comrade Kim Chong-il and should see to it that this work is regularized [chonggyuhwa hada] and is made a routine part of life in all organizations and enterprises.

This year is the significant 20th anniversary of publication of the guideline for summation of daily production and finance by the dear comrade leader and is the 15th anniversary of his action to generalize [ilbanhwa] this guideline in all domains of the national economy.

We should thoroughly implement the system of summation of daily production and finance, the superiority and vitality of which have been clearly proven through practice, and should constantly deepen and develop this system according to the demand of the developing reality. [applause]

All domains and all units of the national economy should correctly decide the units and content for summation work in compliance with characteristics of relevant domain and unit and should see to it that the summation of daily production and finance is carried out at a high level by enhancing the role of those who are in charge of each social domain.

The central organizations including committees and ministries and provincial, city, and county administration and economic guidance organizations should properly designate model units, which are substantively carrying out the summation of daily production and finance, according to characteristics of relevant domain and district. They should see to it that the work of generalizing their experiences and lecture meetings to exchange their experiences are carried out on a regular, continual basis.

We should see to it that the summation of daily production and finance is carried out in close combination with the movement of model work unit for production increase and conservation.

The movement of model work unit for production increase and conservation is a new mass movement advanced by our party to inspire all workers to actively rise in the struggle for production increase and conservation and in the struggle for creation of the speed of the nineties according to the decisions of the 17th plenary meeting of the sixth Party Central Committee.

We should vigorously carry out the model work unit movement for production increase and conservation by linking it with the work of summation of daily production and finance. Thus, we should constantly create new miracles and innovations in all domains and units of national economy, and should see to it that the nation's housekeeping is carried out in a frugal and earnest manner. [applause]

By correctly carrying out every ten-day, monthly, quarterly and annual financial summation, together with the summation of daily production and finance, all organizations and enterprises should further improve overall financial management and business management in all domains of national economy.

In particular, central organizations including committees and ministries and provincial, municipal, and county administrative and economic guidance organizations should substantively conduct the monthly, quarterly, and annual financial summation in harmony with execution of plans for the national economy. Thus, they should see to it that all functionaries have knowledge of finance and have an perspective on works carried out by calculating the cost, price, and income.

After conducting summation, plants, enterprises, workshops and workunits should open their financial status to the public through public notice to enable production masses to know the status of overall housekeeping of plants, enterprises, workshops, and workunits and to make them pay keen attention to business management and financial management.

In order to establish strict financial discipline, financial control, together with financial summation, should be strengthened. Financial and bank organizations, as well as financial management sections in all organizations and enterprises, should prepare and execute financial plans for organizations and enterprises, including the state budget, and should disburse and receive funds. In this way, they should establish a normal course for financial control. The financial and bank organizations should properly prepare regulations and detailed rules related to financial management based on the party's policy and laws of the state. They should control all organizations and enterprises daily so as to thoroughly observe the financial laws and regulation of the state and detailed rules. By strengthening financial discipline, they should see to it that system and order are strictly established in financial management.

The financial and bank organizations, inspection organizations, and economic organizations should pay due attention to strengthening financial inspection.

By firmly organizing inspection forces, financial and bank organizations should correctly establish the system of inspection and carry out financial inspection in a planned manner and in a goal-oriented way. A system of inspecting plants and enterprises of Class II and above at least once every 2 or 3 years should be established.

In financial inspection, efforts should be centered on inspecting management and operation of organizations and enterprises, rather than on the phenomenon of wastefulness of individual office work. The true aspects of overall business management including management of facilities, management of materials and management of manpower should be comprehensively inspected by combining them with various economic factors including cost, price, and income. Thus, correct measures for improvement should be correctly worked out.

At the same time, financial inspection should be carried out in such a way as to examine, one by one, those who incurred damage to the state by carrying out business management in an irresponsible manner. Steps for strong punishment for them should be worked out. Thus, we should see to it that financial discipline is strengthened in plants and enterprises after the financial inspection and that new improvement is made in business administration without fail.

We should see to it that together with the control by financial and bank organizations and inspection and control organizations, the control by central organizations including committees and ministries and financial management sections in provincial, municipal, and county administration and economic organizations, as well as their social control, are strengthened.

In particular, central organizations including committees and ministries and financial sections in complexes should conduct an intensive financial inspection for more than one or two units at a time while responsibly guiding and controlling the financial management work in their subordinate plants and enterprises.

Financial management sections in all organizations and enterprises should properly operate the financial inspection committee of a complex according to the demand of the Taean work system, and should thoroughly establish a revolutionary system and order in financial management by encouraging a broad range of production masses to participate in the financial control work.

The financial and bank organizations should correctly establish the computation system. Since financial control uses the leverage of currency [hwapyejok konggan], it should assume strict computation as a precondition.

We should see to it that the central enterprises establish the computation system in an orderly manner and correctly carry out all computations in business management including computation of production [ommu kyesan], computation of bookkeeping, and computation of prime cost, thus strengthening financial control over business management.

At the same time, the financial and bank organizations, as well as plants and enterprises, should broadly introduce modern computation means including electronic calculators and accelerate the use of electronic calculators in the financial domain.

Comrades, the successful execution of tasks laid before the financial and banking domains is the rewarding work for expediting the complete victory of socialism and national reunification by accelerating socialist economic construction. This is responsible work for the functionaries in the financial and banking domains.

The great leader Comrade Kim Il-song has taught: Economic guidance functionaries should thoroughly safeguard and implement the chuche-oriented economic management principle with firm faith in our party's policy by demonstrating lofty revolutionary spirit. They should carry out guidance of production and business management in a responsible manner according to the demand of the Taean work system.

By thoroughly implementing the party's financial policy, we should effect a revolutionary turning point in financial management work and further consolidate the nation's financial foundation. Thus, we should firmly financially ensure the grand march movement of the nineties to occupy the new high peaks of socialism. [applause]

In order to successfully execute the tasks laid before the financial and banking domains, we should, above all, loyally uphold the party's leadership. It is a decisive guarantee for the success in all of our works to loyally uphold our party's leadership.

Our party is a tested and refined party which has reliably inherited the chuche revolutionary cause by bearing the responsibility for the destiny of the fatherland and the people. It is a motherly party which our people follow by regarding it as a spiritual pillar. [applause]

By assuming the revolutionary ideas and intentions of the party and the leader as our faith at any place and any time, we should establish the revolutionary trait for thoroughly accomplishing them without the slightest degree of deviation under any adverse situation.

The chuche idea—our party's revolutionary idea—is the great revolutionary guiding idea which elucidates the shortcut for socialist and communist construction—a path for completely realizing the independence of the popular masses—and which firmly ensures the victory of our cause.

Firmly arming themselves with our party's chuche idea, functionaries of all financial and banking domains and economic guidance functionaries should firmly establish the chuche revolutionary outlook. Through practical struggle to unconditionally implement the party's lines and policies, they should tenaciously defend and protect them, thus fully demonstrating lofty loyalty to the party and the leader. [applause]

The enormous and grave tasks laid before socialist construction and financial and banking domains demand that we enhance the responsibility and role of the functionaries of financial and banking domains and economic guidance functionaries higher than ever before.

All functionaries of financial and banking domains and economic guidance functionaries should demonstrate the revolutionary spirit for self-reliance and arduous struggle, the party spirit, the spirit of the working class and people-mindedness, by cherishing the firm faith that we accomplish whatever the party decides. They should resolve all problems arising in the course of accomplishing the party's policy for finance and banks in a revolutionary and militant manner. [applause]

Functionaries of financial and banking domains are the housekeepers of the nation's household who are directly responsible for financial management before the party and the leader and the fatherland and the people.

Cherishing the lofty awareness of their responsibility for the the nation's housekeeping and the spirit of dedicated service for the people, functionaries of our financial and banking domains should become frugal housekeepers who work responsibly for the wealth and development of the nation and for the welfare of the people, not wasting even a penny of the funds.

To effect a revolutionary turning point in the financial and banking works, functionaries in the financial and banking domains should thoroughly embody our party's revolutionary work method and popular work style.

The main forces of the revolution and construction are the popular masses. It is a revolutionary work method which our party consistently maintained to resolve all problems by trusting the popular masses and by inspiring their might and wisdom.

We should deeply mingle with the masses according to the demand of the Chongnsanri spirit and Chongsanri method and vigorously carry out political work. Leading the masses by personal example and vigorous spirit, we should understand and promptly resolve problems arising in business activities by inspiring the masses to the struggle for production increase and conservation.

In particular, functionaries in financial and banking domains should always work and live in a frugal and cleanhanded manner as the housekeepers of the nation's household. They should become genuine people's servants who are respected and loved by the popular masses, instead of being harsh people who wield power.

Today our party is vigorously inspiring all functionaries in financial and banking domains and all workers to struggle for production increase and conservation.

"Let us demonstrate the might of existing economic foundations by increasing production and through conservation!" This is the very demand of our party at present and is a militant slogan which we should uphold in the new grand march of the nineties.

By highly upholding the banner of the three revolutions, ideological, technological and cultural—the revolutionary banner of the chuche idea—we should vigorously carry out the movement to win the red banner of the three revolutions and the movement to follow and learn from unheralded heroes by linking these movements to the model work unit movement for production increase and conservation. Thus, we should see to it that the flames of the struggle for production and conservation and the struggle for creation of the speed of the nineties are ablaze in all domains and units of national economy. [applause]

No force can block the march of our people who are confidently advancing along the path of socialism by upholding the great leader Comrade Kim Il-song and following our party's wise leadership. Only victory and glory lie before our people who are further glorifying our country's most superior socialist system by assuming the great chuche idea as faith. [applause]

Let us all vigorously advance to expedite the complete victory of socialism and the independent and peaceful reunification of the fatherland in firm unity with the party Central Committee headed by respected Comrade Kim Il-song! [applause]

Comparison of Kim Il-song Greetings to PRC

SK0110051090

Pyongyang Domestic Service in Korean at 1200 GMT on 1 October carries a two-minute report providing text of DPRK President Kim Il-song's message to the PRC on the occasion of the 41st anniversary of its founding. This version has been compared with the referent KCNA version published in the 1 October East Asia DAILY REPORT, page 18 and was found to be identical, except for the following addition. Column two, paragraphs 12 and 13 read:

Beijing, Comrade Jiang Zemin, general secretary of the CPC Central Committee; Comrade Yang Shangkun, president of the PRC; Comrade Wan Li, chairman of the Standing Committee of the National People's Congresss of the PRC:

On the 41st anniversary of the founding of the PRC, on behalf of the WPK Central Committee, the government of the DPRK, the Korean people, and on my own behalf, I send our warmest congratulations to you and, through you, to the CPC Central Committee, the government of the PRC, and fraternal Chinese people. (supplying two additional paragraphs.)

South Korea

Kim Seeking Relations With Japan By May

SK0410013690 Seoul Domestic Service in Korean 2300 GMT 3 Oct 90

[Text] At a time when relations between Japan and North Korea are proceeding at a rapid pace, North Korean President Kim Il-song is reported to have ordered his working officials to set up diplomatic relations with Japan within 6 months. It is also reported that Kim Il-song's directive as such has been conveyed to former Japanese Deputy Prime Minister Kanemaru.

Our correspondent in Tokyo Yi Chun-pal reports:

[Begin Yi recording] In the course of his tete-a-tete with former Japanese Deputy Prime Minister Kanemaru at Mt. Myohyang last month, Kim Il-song ordered his officials concerned to hurry negotiations with Japan so that the two countries can establish diplomatic relations by May or June next year, according to a source in the Liberal Democratic Party [LDP].

The source analyzed that North Korea is in a hurry to establish diplomatic relations with Japan to counter the blitzkrieg setting up of diplomatic relations between Korea and the Soviet Union and in anticipation of economic assistance from Japan.

This LDP source said that even before his tete-a-tete with Kanemaru, Kim Il-song had ordered a responsible Foreign Ministry official to conclude the negotiations with Japan within 6 months, give or take a month, so that the two countries could set up diplomatic relations, and that it is his understanding that this message had been conveyed to Kanemaru.

The LDP source also said that in their tete-a-tete, Kanemaru and Kim Il-song had discussed, to a certain degree, the date to establish diplomatic relations and the amount of compensation. Ishii, acting president of the LDP Foreign Affairs Research Council, said that Japan could make the compensation even before establishing diplomatic relations.

At a time when Japan and North Korea are rapidly moving toward the establishment of diplomatic relations, 12 elder LDP statesmen over 70 drew attention by coming out in the open to criticize Kanemaru's rash contact with North Korea. In this connection, a Foreign Ministry official said that Japanese-North Korean negotiations for the establishment of diplomatic relations scheduled for November are, in fact, difficult to start due to the lack of preparatory arrangements, including the coordination of opinion with the ROK. [end recording]

DPRK Hints at Flexibility on UN Membership

OW0310145790 Tokyo KYODO in English 1431 GMT 3 Oct 90

[Text] Seoul, Oct. 3 KYODO—North Korea has hinted at a more flexible position on Korean membership in the United Nations, saying a single seat shared by the North and South, as it has long demanded, may not be the only solution.

Pyonygyang will discuss any proposal as long as it does not stand in the way of reunification, North Korean U.N. Observer Pak Kil-yon wrote U.N. Security Council President David Hannay in a letter obtained by KYODO NEWS SERVICE in Seoul on Wednesday.

Seoul argues that both North and South should join the U.N. separately, and has said it may unilaterally apply for membership if Pyongyang continues to oppose separate seats. North Korea has argued that separate membership would perpetuate the division of the Korean peninsula. The North and South have agreed that U.N. membership is an internal Korean issue, the letter said.

Pak wrote, "North Korea believes joint admission to the United Nations of the North and the South with a single seat represents a reasonable solution to the United Nations membership favorable to reunification." Such a single seat would be consistent with the spirit of the U.N. Charter, the letter said.

But North Korea does not consider its position an "absolute" one, the observer wrote, adding "there may be various solutions to the U.N. membership in conformity with reunification and therefore, (Pyongyang) by no means excludes the discussion of them."

North and South Korea may discuss the issue when their prime ministers meet October 16-19 in Pyongyang for a follow-up to their first ever meeting September 4-7 in Seoul.

Chinese-ROK Relations Dilemma Analyzed

SK0410073990 Seoul YONHAP in English 0606 GMT 4 Oct 90

[Report by Chae Song-hui]

[Text] Beijing, Oct. 4 (YONHAP)—Establishment of diplomatic ties by Seoul and Moscow may act as a catalyst in normalizing Seoul's relations with Beijing, but observers have yet to find any meaningful signals that support this scenario.

The Chinese Government refuses to respond to the breakthrough, hailed by an American diplomat here as "a great achievement." A weekly briefing by the Chinese Foreign Ministry Thursday was canceled because of the Asian Games, so the response of China's staunchly pro-North Korea leaders to the dramatic twist remains pure guesswork for the time being.

The media paid scant attention to the event. Seoul-Moscow normalization was barely mentioned in XINHUA News Agency's dispatch from U.N. Headquarters, by the CHINA DAILY or on the evening news. When it was mentioned, the reports kept strictly to the facts, or at least tried to, but many readers were left confused as the timing of the diplomatic tieup was put at Sept. 30 next year by XINHUA and Jan. 1 by the CHINA DAILY.

Some observers say China may find a good pretext for seeking a diplomatic relationship with South Korea in the normalization of Moscow-Seoul ties, but even the most optimistic of them are very cautious in putting a date to their predictions.

A Soviet diplomat said Moscow's action would certainly provoke a reaction from China's leaders, who he said have been practical in their pursuit of external relations, but he cautioned against expectations of a prompt Chinese initiative to form diplomatic ties with South Korea in view of the "ideological alliance" with North Korea. "China is evidently interested in improving relations with South Korea, but it will take time for its leaders to clear away some obstacles stemming from its close tie with North Korea," the Soviet Official said.

A similar view was aired by a Western observer, who said, "The Chinese leaders have their own schedule. Their policy will not be affected by the Soviet move. China is much closer to North Korea than the Soviet Union is."

North Korea has been a comrade-in-arms since China bailed out the communist North during the three-year Korean war in the early 1950s, and North Korea assumed new importance for China after the crackdown on political dissent in June last year and reforms swept through Eastern Europe.

Despite abundant signs of public zeal for prosperity, which is often associated with capitalism, old revolutionaries proclaim Marxism as a tool to protect China from "bourgeois liberalism." The leadership shows no outward sign of backing down from support for the North Koreans. In the Asiad, the state-controlled media has so far given more attention to the North Korean athletes than their South Korean counterparts. Chinese television failed to mention the names of the two South Koreans in the flag hand-over in the opening ceremony, when Seoul Mayor Ko Kun turned over the Asian Games flag to Olympic Committee of Asia Vice President Kim Chong-ha in his capacity as chief organizer of the previous Asiad.

South Korean officials are left out in the cold, while North Koreans such as Vice President Yi Chong-ok are received by key Chinese leaders. President Yang Shangkun reportedly "stressed the importance of further development of friendly relations between China and North Korea" in his meeting with Yi. Foreign Minister Qian Qichen recently promised, in a keynote speech at the U.N. General Assembly, China's continued support for North Korea's "unremitting efforts to achieve independent and peaceful reunification."

It was his ministry that rejected the South Korean proposal to set up consular relations on the occasion of the massive influx of South Koreans into Beijing during the Asiad.

People here do not rule out the possibility of China agreeing to an exchange of trade offices as a basis for enlarging mutual relations with South Korea, as the Soviet Union did.

The architect of South Korea's "northern policy," which is aimed at improving relations with socialist bloc nations, former state minister for political affairs Pak Chol-on, once told journalists he believed a move to exchange trade offices between the two countries would bear fruit sooner or later. Pak said China had a "positive response" to South Korea's proposal to exchange civilian-level trade offices empowered to handle consular affairs, which would mean that the Chinese were taking the same road the Soviets did last year to minimize the impact on North Korea.

Observers say it is highly possible that China played an active role in driving the North Korean leaders to agree to resume friendly South-North soccer matches after 44 years.

Even though he swore continued support for North Korea's unification policy, Qian expressed in the same speech China's hope to see the halves of Korea begin dialogue to end their antagonism and misunderstanding. This was seen as a thinly veiled nudge aimed at getting Pyongyang to become more sincere about inter-Korean talks.

Choe Predicts ROK-China Ties by End of 1991

SK0410072590 Seoul YONHAP in English 0652 GMT 4 Oct 90

[Text] New York, Oct. 3 (OANA-YONHAP)—South Korea will likely set up full diplomatic ties with China by the end of 1991, at the latest, Korean Foreign Minister Choe Ho-chung said Wednesday.

Forging links with nations that are currently estranged, such as China, would automatically solve the issue of South Korea's U.N. membership, Choe said, reflecting Seoul's determination to push for entry into the world body. Seoul-Beijing ties and U.N. membership are South Korea's two major diplomatic goals, he said.

Choe, in New York to attend the 45th U.N. General Assembly, told Korean reporters accompanying him that South Korea would seek to normalize ties with all countries by the end of next year. "Because South Korea-Soviet relations have been normalized, the time to conclude ties with China can be considerably shortened even if the two countries start out with just an exchange of trade offices," Choe said. "We notified Beijing through unofficial channels of our plans to set up ties with the Soviet Union. The Chinese Government responded favorably, saying such ties will enhance peace in the region," he said.

The foreign minister said his government was notified of a proposed visit by a former deputy prime minister of Japan, Shin Kanemaru, who hopes to explain in person Tokyo's move to normalize relations with North Korea.

On the news that Pyongyang will not necessarily stick with its position that South and North Korea share a single U.N. seat, Choe said it is construed as a change in policy and his government will take necessary steps after inter-Korean working level talks at the truce village of Panmunjom in the Korean Demilitarized Zone Friday and premiers' talks in Pyongyang later this month.

Prospects for Opening Trade Offices in China

SK0410071890 Seoul Domestic Service in Korean 2200 GMT 3 Oct 90

[Excerpt] Report from Beijing—Yesterday, Won Mu, spokesman for China's Foreign Ministry said that a trade mission between the ROK and China will be established soon. Thereby, it has been confirmed that some time around 16 October, an announcement to open trade offices with consular functioning will be made.

When Spokesman Won Mu was questioned on relations between the ROK and China at yesterday evening's reception for reporters hosted by the Chinese Press Association at Beijing's Kulun [as heard] Hotel, he said that currently the ROK and China are conducting trade on a private level, but that in the near future a trade mission will be established. [passage omitted]

Science Ministry Initials Agreement With USSR

SK0410082290 Seoul YONHAP in English 0741 GMT 4 Oct 90

[Text] Seoul, Oct. 4 (OANA-YONHAP)—South Korea and the Soviet Union have initialed an agreement for technological cooperation ranging from regular exchanges of experts to establishment of a joint research committee, the Korean Science and Technology Ministry said Thursday. The agreement is likely to be signed when a Soviet Government delegation visits Seoul this month for other negotiations on bilateral trade arrangements, a ministry spokesman said.

Vice Science and Technology Minister Choe Yong-hwan met with officials of the Soviet Committee for Science and Technology and initialed the pact in Moscow Sept. 28.

Korea hopes to exchange information in basic science, aviation technology, machinery and chemical engineering areas in which the Soviet Union is known to excel.

The two countries earlier initialed a pact on direct flights and trade.

Vietnam 'Ready' for Relations With ROK

SK0410035090 Seoul YONHAP in English 0229 GMT 4 Oct 90

[Text] Bangkok, Oct. 4 (YONHAP)—Vietnam is ready to set up diplomatic ties with South Korea and it is entirely up to Seoul when the two countries normalize relations, a senior Vietnamese diplomat said Wednesday.

Asked the prospects for an improvement in relations between Seoul and Hanoi, Amb. Nguyen Trung, attending a reception hosted by Chong Chu-nyon, the Korean ambassador to Thailand, said he believed the two nations had failed to form diplomatic relations not because of Vietnam but because of South Korea, which maintains economic sanctions against Vietnam though Korea has established diplomatic ties with the Soviet Union and Mongolia.

Pointing out that a Vietnamese economic delegation recently visited Seoul and Korean businessmen are seeking business in Vietnam, the Vietnamese ambassador to Bangkok said it was an appropriate time to start exchanges and cooperation with Vietnam in various fields such as investment and trade.

The possibility is growing that the United States and Vietnam can improve relations through a recent series of contacts, Trung said, but declined to predict when U.S. sanctions against Vietnam would be lifted.

Japan's Reluctance To Transfer Technology Viewed

SK0310132590 Seoul TONG-A ILBO in Korean 30 Sep 90 p 2

[Editorial: "Japan Is Checking Its Technology Toward ROK"]

[Text] Japan is checking the transfer of its technology in a more open manner. The Japanese Government recently selected 200 ultramodern technological items—including electronic, communications, and new materials—and banned their transfer to the ROK until 1995. Furthermore, according to a report, the Japanese Government recently officially notified our government that it will not join in forming the ROK-Japan Committee for Industrial and Technological Cooperation, thus expressing its intention to refuse.

The ROK-Japan Committee for Industrial and Technological Cooperation was organized for technological cooperation between the ROK and Japan. Our side proposed the organization when President No Tae-u visited Japan in May and the two countries discussed it.

Banning the transfer of technological know-how on 200 essential items to the ROK, as well as Japan's successive moves to establish diplomatic relations with North Korea, made us regard Japan's rejection of the committee's formation as an abrupt change of attitude. It also appears Japan is going to use technological cooperation as the means for economic diplomacy. We must believe that through a series of decisions and notices, Japan is attempting to convey an important message to us.

Technological protectionism is a worldwide trend. The competition for early acquisition of technology among competing countries—including the United States, Japan, and the EC—is so fierce it can be called a "war." Japan, in particular, is stingy about transferring technology to technologically backward nations. But if we succeed in developing new commodities by going through great difficulties, Japan tries to disturb our markets with joint investments and its dumping export offensive. Japan also hinders our pursuit of technology by suspending supplies of parts and so forth.

Japan's technological superiority has become solid and steady. The U.S. Commerce Department observed that Japan by the year 2000 will surpass the United States in 10 ultramodern technological domains, including new materials, semiconductors, and soft electronics, and that the United States will maintain the equivalent standard in only two domains. Japan, therefore, will acquire superiority in practical technology.

People say Japan appears not to have abandoned its ambition for global domination through economics and technology and that it is weak toward the strong and strong toward the weak. It is not strange, therefore, for Japan to disguisedly reveal its intention to check its transfer of technology to us.

We also have some remarks to make. We are not inclined, however, to do so toward Japan, since we believe that because Japan even rejected what was discussed during the summit talks, one can hardly persuade it with words about good-neighborliness, mutual cooperation for joint prosperity, the merits of regional cooperation, and so forth. Furthermore, we think remarks about the trend of history and the flow of civilization and so forth would be no use to Japan and we had better consolidate our own plans and foundation instead of making such remarks.

Diplomacy is the source of strength. If technology is said to be the strength of the era, we must look directly at the cruel nature of the strength theory which uses technology as a diplomatic tool. Before we blame others and protest, we should cool-headedly realize we are in a technological crisis and that we should overcome such crises through our own strength.

We are in a technological crisis because we made a late start, made fewer efforts than others, and lacked internal cooperation. Therefore, from now on we should drastically increase investment in fostering manpower as well as in research and development of technology. At the same time, technological diplomacy must be diversified by pooling the wisdom and potential of political, governmental, business, and academic spheres. In the meantime, the industrial sector should block—through solid unity—interference by foreign countries and should reduce wastefulness by broadening the joint research system.

The spirit is what is important. Ultramodern, high-class technology is not the only technology. Even with the simple fact that the ratio of defective export commodities is increasing while productivity is decreasing, we should realize that our resolve to enhance our technology is not firm and we should examine ourselves.

Investment Abroad Up 163 Percent Over 1990

SK0410032190 Seoul YONHAP in English 0151 GMT 4 Oct 90

[Text] Seoul, Oct. 4 (OANA-YONHAP)—Overseas investment by South Korean firms escaping domestic problems was 163 percent higher in the first eight months of 1990 than in the same period of last year, with nearly half of the money pouring into Southeast Asia, the Bank of Korea said Thursday.

The manufacturing sector led the drive, with the biggest push coming from firms making textiles, apparel, shoes and machinery. All investments in the communist bloc went to China, which took in 41 million U.S. dollars in 27 cases during the period, the central bank said.

It said during the January-August period 1.196 billion dollars was funneled into 324 investments, increases of 163.4 percent and 37.9 percent respectively over the corresponding period of last year.

Korean firms are seeking solutions to worsening business conditions at home, such as rising wages, bank officials said. Manufacturers set up plants in developing countries, where labor costs are cheaper, while others enter advanced markets for technology transfer and to protect themselves against trade barriers, they said.

Manufacturers accounted for 62 percent of the investment sum at 741 million dollars (192 cases), including 82 million dollars for textiles, apparel and shoes, 169 million dollars for machinery and metals, and 115 million dollars for petrochemicals.

Southeast Asian countries such as Indonesia, Thailand and Malaysia were most popular, drawing 583 million dollars (188 cases), or nearly half of the total. North America took 455 million dollars (72 cases) and Europe 87 million dollars (22 cases).

Trade Deficit Grows in First Part of 1990

SK0410084690 Seoul YONHAP in English 0744 GMT 4 Oct 90

[Text] Seoul, Oct. 4 (YONHAP)—South Korea's trade performance was the worst among Japan and Asia's four newly industrialized economies in the first eight months of the year, the Trade and Industry Ministry reported Thursday. It said Korea's trade deficit skyrocketed 10-fold to 3 billion U.S. dollars from 300 million dollars in January-August a year earlier.

Japan and Taiwan were in the black, but Japan's surplus fell from 42.8 billion to 34.6 billion dollars and Taiwan's from 9.4 billion to 8 billion dollars for the eight months. Singapore's trade deficit widened, but at a much slower rate than Korea's, expanding from 2.9 billion dollars to 4.6 billion dollars in the first six months of the year, while Hong Kong's trade deficit narrowed from 1.2 billion dollars to 800 million dollars in January-July, according to the report.

Korea's exports grew 1.9 percent in the eight-month period, compared with 2.8 percent a year earlier, while Japan's exports dropped 0.5 percent, and Taiwan's exports fell 1 percent. Singapore's exports were up 16.6 percent as of the end of June and Hong Kong's exports had gained 7.8 percent as of the end of July.

Political Parties' Comment on German Unification

SK0410010190 Seoul YONHAP in English 0051 GMT 4 Oct 90

[Text] Seoul, Oct. 4 (YONHAP)—South Korean political parties, welcoming German unification, said Wednesday it should serve as momentum to further striving for the unification of the Korean peninsula.

Korea, divided into the capitalist South and the communist North at the end of World War II in 1945, is the only country in the world yet to be reunited.

The ruling Democratic Liberal Party noted that uniting Germany was not done overnight, and said it was sure steady efforts could have the same result here. It urged North Korea to be earnest and faithful toward unification, not misusing the issue politically or ideologically.

Kim Tae-chung's Party for Peace and Democracy said it welcomed peaceful unification of Germany and believed it would give important momentum to efforts to make Korea one.

The splinter Democratic Party and Minjungdang Party both said they welcomed the historic event and hoped Korean unification would follow soon.

* Reform of Military Structure Analyzed

902C0282 Seoul HANGUK ILBO in Korean 13 Jul 90 p 5

[Article by reporter Yi Kye-song]

[Text] The reform proposal calling for a law which essentially implements a joint military structure (a system with a joint chiefs of staff) was passed in the defense committee of the General Assembly on the 11th, so it is certain that it will be passed by the whole Assembly during the current provisional session. Based on this, we are looking forward to the implementation of a new organization beginning on 1 October which will become a full-scale genuine operation for extensive reformation of the military structure.

The new system adopts the joint chiefs of staff form currently in use, but in view of the fact that the structure, function and authority have been vastly expanded, one could, in fact, call it the founding of a new institution. The extensive revision and re-adjustment, which affect the highest level officers of each service as well as lower-level officers below the division level, is inevitable, making this the largest-scale reform of the defense establishment since the military was first founded.

At the core of the joint military system is "the line of military command," where the minister of defense bestows on the joint chiefs of staff [JCS], who play the role of the defense minister's adviser in the field of military command, the authority to direct, pursuant to the defense minister's orders, the major strategic elements of the Army, the Navy, and the Air Force. The chief of each branch of service would carry out only military administration functions excluded from the authority for operational command. In other words, this is a system where the authority for both military command and administration would be under the control of the defense minister, with the authority to execute military command going through the JCS, and the authority to carry out military administration going through each service's chief of staff.

Based on this the chairman of the JCS, who would be the most senior commanding officer in the military, would receive an order from the defense minister, who would then directly instruct the central commands of each service on the operation. The chief of each branch of service, without operational authority, would carry out the responsibility and authority for unit training and personnel, budget, military law, audit, maintenance of military machines and morale, and personal education.

The Defense Ministry would establish defense policy and carry out functions such as the acquisition, distribution, administration, and control of resources, the JCS headquarters would be responsible for the necessary raising and management of the Defense Ministry's military power. The headquarters of each service's command would assume administration duties, including the development and maintenance of military force strength and supply support.

In August 1988,the government, as part of the "Direction of Development in a Long-Term Defense Posture," decided to reform the military structure, and the plan was promoted under the title "The 818 Plan."

Not only is the current military organization, which was modeled after the U.S. system of a JCS advisor formed soon after the end of World War II, unsuitable for engaging in modern warfare, but the new system is also necessary 1) to prepare for the transfer of operational control following the the changing role of U.S. Forces Korea, 2) to raise the efficiency of defense resource management, 3) and to prepare for the regulation of defense expenditures.

In the coming 3-4 years, the prospect is that peacetime operational control authority would be transferred away from the South Korean military, but the JCS under the current system is excluded from the military chain of command, making the transfer of operational control authority impossible. However, when a joint military system is implemented, this type of problem is resolved.

Also, in a situation where the capital is no more than 40 kilometers away from the DMZ, in preparation for a surprise attack from the enemy, it is necessary that the JCS, without going through an intermediate command level, exercise direct operational control over units. In modern warfare, where the joint operations of the Army, Navy, and Air Force are needed, it is anticipated that the joint military system in the near future will heighten the military operational capabilities.

The combining of operational functions scattered across three branches of service into the JCS will allow personnel and material resources to be more efficiently managed.

Following the implementation of the joint military system, the reduction of manpower of each service's headquarters will total 40 percent, about 5,100. Of these, about 2,200 will be used to establish JCS headquarters and 37 directly subordinate units, and the remaining 3,000 will be used to supplement combat units, thereby reducing the defense budget by 70 million won per year.

Furthermore, by combining the intelligence and operational functions of the Air Force and Army headquarters at Kyeryongdae into the JCS, it will be possible to move the Navy headquarters which is still in Seoul to Kyeryongdae, and with the Army, Navy, and Air Force grouped in one place, there is hope that the military can be efficiently built up and the implementation of military administration can be achieved.

However, with this military structure reform bill, there is public opinion being raised concerning suspicions about political intervention by the military and the weakening of civilian control over the military as a result of the concentration of power, increasing military imbalance as a result of reducing the power of each service's chief, and the possibility of "personality cult" developing for a particular person. Last March there was violent opposition expressed by the opposition party in the defense committee of the provisional assembly session, and criticism that kept it from passing.

Accordingly, the government is changing the original title, "Joint Defense Headquarters" to the JCS, an organization with a constitutional basis, and in order to strengthen civilian control of the military, the JCS chairman's optional authority to implement military commands will be restricted by requiring him to report to the minister of defense in advance of any troop movements at the brigade level or higher.

Also, in efficiency of operational command, in order to ensure balanced development of all three services and participation in the command process by the chief of each service, a JCS meeting will be held at least once a month on a regular basis, and the ratio of officers forming the JCS from the Army, Navy, and Air Force will be reapportioned from 8:1:1 to 2:1:1.

In the Defense Ministry's plan, the reorganization of the military's upper structure will painlessly concentrate on efficiency, while the lower structure will concentrate on reorganizing technology intensive areas, combat power, mobility, and firepower. Following the strengthening of fighting capabilities, there are plans to relocate 125,000 soldiers within the present system to increase needed soldier readiness.

However, the operation to reform the military system is massive in scope, and even though the new JCS headquarters will be set up on 1 October, it appears that 1 and ½ to 2 years will be needed before all the benefits can be seen.

* Vice Presidency Plan Discussed

* Kim Tae-chung's Proposal

902C0304A Seoul HANGUK ILBO in Korean 29 Jul 90 p 3

[Article by reporter Cho Myong-ku: "Kim Tae-chung's Vice Presidency Plan—Subtle Calculations by the Ruling and Opposition Camps"]

[Text] The "vice presidency" proposed by Kim Tae-chung at the PPD [Party for Peace and Democracy] national convention on 27 July has stirred some complex reactions in the political climate.

There were reasons. The proposal came at a time when the DLP [Democratic Liberal Party]—the result of a three-party merger premised on a constitutional amendment for a cabinet system—is at a stalemate, withholding until late this year a formal proposition on the planned cabinet system. Furthermore, a vice presidency plan is already being discussed by some in the conservative camp, although cautiously, as the next best measure in case the cabinet system plan falls through.

Especially, the "constitutional amendment proposal" by Kim Tae-chung led to speculation that it has something to do with the rumored "secret accord" between Kim and Yi Ki-taek, president of the Democratic Party [DP]—namely, the persistent "running mate" rumor circulating in political quarters in connection with a merger of the opposition camp.

Needless to say, this is not the first time Kim Tae-chung has made such a proposal. When the former DJP [Democratic Justice Party] unveiled its intent to push for a cabinet system through a constitutional amendment—in an attempt at a political realignment as a medium- and long-term solution to its minority party dilemma—Kim Tae-chung on several occasions suggested adoption of the vice president system by revising the constitution. He asserted that "the direct presidential election system coupled with a newly installed vice president system is more desirable to resolve the gap in regional animosity than the DJP-planned cabinet system."

The top leaders of the ruling camp are known to have agreed in black and white to push for the cabinet system constitutional amendment, the major premise of the three-party merger; however, even in the ruling camp, they are at cross-purposes as the RDP [Reunification Democratic Party] faction led by Kim Yong-sam continues to view the plan negatively or with reservation while the DJP and NDRP [New Democratic Republican Party] factions take a positive view.

Under these circumstances, some in the DJP faction even put out a feeler by spreading words like "the next party president to be decided by a vote," and "adoption of a vice presidency plan under study."

In early July, DLP Secretary General Pak Chun-pyong revealed a plan for introducing choosing the next party president by a vote. Then, the Laurel Society leaked stories about a vice presidency plan under study. At the time, while the revelations were thought to be "for an internal disciplinary use" to push for the cabinet system constitutional amendment, many saw them as suggesting that DLP was studying the next best measure in case the cabinet system plan collapses.

Especially noteworthy is the fact that the Kim Tae-chung proposal came at a time a tug of war is under way between the DLP factions over the cabinet system constitutional amendment plan, threatening a revival of the same discords that plagued the ruling party immediately after the three-party merger.

In this connection, some political analysts view the situation as reminiscent of the rumors of a second political realignment, namely, a DLP-PPD tie-up, which swept a corner of the ruling camp in the days of the DLP internal strife, and of what has been referred to as the "three-phase operations to get Kim Yong-sam to wither and die" as mentioned by Pak Chol-on, former minister of state since immediately after the three-party merger.

Both the ruling-opposition confrontation over the two opposing amendment plans and the push for a second political alignment by elements of the PPD and the DJP faction can be seen as a prelude—in form of internal and external skirmishes—to the upcoming struggles for the supreme power, as was the case with the Kim Tae-chung versus Kim Yong-sam contest of power during the June session of the National Assembly.

The ruling camp's top leaders at a Blue House meeting on 24 July reaffirmed their position against a "formal proposition before late this year on the cabinet system constitutional amendment." Lurking behind the move, it is thought, are the calculations of the need to pave the way further to secure the passage of the planned amendment, namely, to create the necessary political environment and national consensus to make passage absolutely certain.

In other words, what they have in mind are plans to realize ROK-USSR and ROK-China normalization and a North-South Korean summit by early 1991 at the latest. Observers say that their strategy is to wait until there comes a specific breakthrough in these three major tasks of the Northern Policy, then shift the momentum into their political design. However, former Minister of State Pak Chol-on recently remarked that "if the amendment plan for a cabinet system should make no headway by the end of the first half of 1991, the constitutional amendment would become difficult." He also told close aides that "if Kim Yong-sam persists in his opposition to the cabinet system plan or if public opinion is found unfavorable for the plan, there will be no alternative but to opt for a second best thing." Given an analogical interpretation, the Pak comment would mean that he will propose choosing the party's presidential candidate by a vote and—in yet another constitutional amendment plan—adoption of a vice president system.

The vice presidency plan advanced by the Pak Chol-on corner of the ruling camp led to two conflicting observations, one seeing it as meant for providing the DJP faction with a "trump card to contain Kim Yong-sam and his RDP faction" and the other viewing it as "part of a coexistence game" played between the DJP and RDP factions. Under the containment theory, the move seeks to bind the RDP faction to the cabinet system constitutional amendment—and, in case the RDP faction should continue to renege on the pledge of the three-party merger time—to develop a DJP-NDRP "joint front." On the other hand, the "coexistence game" theory presupposes partnership between Kim Yong-sam and a DJP faction candidate (as presidential and vice presidential candidates).

Thus, the ruling camp's vice presidency plan has many aspects to it. Likewise, the constitutional amendment proposal by the PPD's Kim Tae-chung appears to involve as many problems. Especially, the fact that the rumored "secret accord" between Kim Tae-chung and DP President Yi Ki-taek has already stymied a merger of the opposition camp shows where it stands.

Political observers divide the "secret accord" rumors into these categories: a combination of Kim Tae-chung as PPD president and Yi Ki-taek as PPD chairman, or that of Kim as presidential candidate and Yi as PPD president, or Kim and Yi as running mates (presidential and vice presidential candidates), or Yi as presidential candidate in the presidential election after the next one. Under these circumstances, Kim Tae-chung said in Cheju Island on 22 July that "I have two or three candidate successors within the party. Even outside the party there is one." That "Cheju remark" was followed up by his proposal at the PPD national convention for a vice presidency constitutional amendment, lending further weight to the secret-accord rumor.

Then, what is he after with his vice presidency plan?

First of all, it is the possibility of gaining a "significant amount of support" in the anti-Honam [Cholla provinces] districts and the metropolitan area. In addition, he seems to have taken into account that with Yi Ki-taek—a native of Pusan, which is Kim Yong-sam's bastion—as a running mate, he has a good chance of winning the next presidency with the backing of the Yongnam [Kyongsang provinces] voters. Second, he seems to have his sights set on an appeal to the public opinion that a Honam-Yongnam ticket is the thing for resolving the regional animosity.

Third, Kim Tae-chung advanced the plan as a wedge to disrupt the demand of the DP-led forces for his "retirement to a second line" and, at the same time, as a means to promote the "internal solidarity."

Fourth, still other observers say that Kim Tae-chung, taking into account the fact that the ruling camp is already set for the cabinet system constitutional amendment, is offering a common denominator in the form of a constitutional amendment debate to pave the way for a bargain with the ruling camp and, at the same time, is hinting at the PPD's return to parliamentary functions.

Basically, the vice presidency plan currently being discussed in a section of the ruling camp is for a U.S.-type presidential system, namely, a maximum of two 4-year consecutive terms. Meanwhile, the Kim Tae-chung plan envisages substantial power for the office of the vice president including vice chairmanship at a Cabinet meeting.

The question of whether a constitutional amendment for the adoption of the vice presidency system will materialize is linked to the cabinet system plan which the ruling camp is to officially propose; consequently, it is expected that the vice presidency plans will be discussed only behind the scenes for the time being and their specific outlines will likely surface sometime in the first half of 1991.

* Political Leaders' Reactions

902C0304B Seoul IRYO SINMUN in Korean 29 Jul 90 p 7

[Article by reporter Pak Tae-hui: "Cabinet System Plan Giving Way to Vice Presidency Plan; Pak Chol-on, Kim Yong-sam and Kim Tae-chung All Favoring 'U.S.-Type Presidential System,' a Story Behind the Story"]

[Text] Will the DLP factions, currently in a bitter war of nerves over the constitutional amendment plan for a cabinet system, go all the way in the struggle until one side comes to its knees, or will they find a dramatic breakthrough and choose a third way—coexistence?

Until recently, questions like this had been seen as unworthy of notice, because, considering the political ambitions of the three factional bosses and the manpower and material resources backing them up, their compromising for the sake of unity and coexistence was after all inconceivable. Especially, a look back at developments in the increasingly strained confrontation between them, and at the way they fought for power by hook or by crook in the past six months since the three-party merger, could show that coexistence was virtually out of the question. And that was the view prevailing in political quarters.

Needless to say, still prevailing is the observation that the DJP, RDP and NDRP factions will not back down until one or the other side bites the dust. There is a reason for it. Indeed, DLP Supreme Committee Chairman Kim Yong-sam (YS) has lately been acting in a way more appropriate for his No. 2 position by showing the highest possible respect for President No Tae-u and—as he demonstrated in the recent 150th extraordinary National Assembly session—positively striving for metamorphosis into a leader becoming of the ruling camp; however, it is so obvious that he pursues the presidency under the present presidential system that the DJP and NDRP factions simply do not trust him.

However, lately there have been a few new developments involving the ruling camp, raising a sense of crisis as to how long it can afford to leave this sort of situation unabated with no light at the end of the tunnel. At the same time, it is also true that whether this sort of struggle may really end up in a total victory for one side or the other is quite doubtful.

Lately, indeed, there have been quite a few developments that do not allow the DLP to be preoccupied with domestic quarreling. For example, there was the move for a merger of the opposition camp and other signs of an anti-DLP alliance.

Nordpolitik, North Korea Policy Aground

The DLP is still skeptical of the opposition's merger move becoming a reality. Even if it should materialize, it feels, the opposition will not stay outside parliament too long but return eventually. Also, some in the DLP hold that the opposition's merger, if realized, will not necessarily put the DLP at a disadvantage because it will after all be carried out under Kim Tae-chung's initiative and consequently inevitably lead to a heightened regional animosity in the next general or presidential election. This somewhat self-centered observation is popular chiefly among National Assembly members from Pusan and South Kyongsang Province.

In fact, however, the top leadership of the government and the ruling camp are visibly disturbed. They say that the latest debate of an opposition merger in the wake of the recent crippled National Assembly session is basically different from the numerous debates of its kind that had taken place earlier but soon fizzled out. They cite the reason that while under the present circumstances, even if the merger should come now, the 78 seats the opposition holds in the National Assembly would be no threat but there is a great likelihood that the dramatic ruling-opposition confrontation created by the merger will add fuel to the public distrust of the present regime, which is already in a bad shape, reviving the nightmare of the last Chinchon-Omsong by-election defeat for the next general or presidential election.

Especially, the recent skyrocketing prices and rents, the stock market collapse and sagging exports as well as the ongoing inflation are threatening not only to get workers, farmers and the poor in urban areas to escalate dramatically their struggles for guarantees of their rights to live and for wage increases, beginning early next year, but also to push even the middle class—the power base of the present regime—into a major rebellion. Therefore, according to the popular view in political quarters, there is nothing for the ruling camp to gain from a merger of the opposition camp at this time.

Timing with the recent meeting between Kim Tae-chung and DP President Yi Ki-taek, and with the subsequent Kim Tae-chung - Yi Ki-taek - Kim Kwan-sok tripartite session, the government announced a personal letter from Gorbachev and separately a proposal for mutual free visits between North and South Korea. It can be said that all this, despite the diligent denial by the government, clearly indicates how uneasy the ruling camp is at the unfolding merger debate.

Another factor barring the top leadership of the government and the ruling camp from belittling the latest opposition merger debate is the sluggishness of the Nordpolitik and North Korea policy, the smooth progress of which was once a major underpinning of the regime's validity and ruling competency. In fact, the Sixth Republic government for a while was making significant visible progress with its Nordpolitik and North Korea policy. It fully deserved the title of the Northern Policy team and its achievements directly served as a factor that made possible such a domestic political realignment as the three-party merger. Therefore, it is true that some members of the regime's top leadership optimistically held that if the North Korea policy and Nordpolitik continued to make headway like now, there would be no serious problems with the DLP staying in power, even though there might come some negative ratings on domestic fronts.

However, confirmed developments at home and abroad in fact show that the Northern Policy ran into serious obstacles and, consequently, is very likely to be at a standstill for a considerably long period of time before making a breakthrough. According to an informed source of the ruling sphere, the YS camp had recently surreptitiously asked a Soviet expert familiar with North Korea to sound out the possibility of a North-South Korean summit being held this year. The answer it received was in the negative, says the source.

"Final Showdown at the National Convention"

The fact that the North Korea policy and Nordpolitik as top-priority programs for the Sixth Republic regime have thus entered a sluggish phase pointedly means that the president and the ruling camp have been driven into a tight corner before they could make a breakthrough on domestic fronts. This will apparently serve as a factor making it impossible for the DLP to waste its time any longer indulging in the intraparty power struggles over the next presidency.

While such extremely unfavorable domestic developments in recent days have evidently put great pressures on the top leadership of the ruling camp, there have been enough subtle indications lately for the observation that the factions in the DLP, currently locked in an extremist confrontation, might be changing the direction of their quarreling by shifting slowly away from the make-or-break type fight demanding a complete surrender of the rival side and, to a coexistence game.

A typical example of such indications is a recent remark by Pak Chol-on, former minister of state, who engineered the three-party merger behind the scenes and who has been advocating a second political realignment through an early constitutional amendment for a cabinet system.

Pak reportedly told his close aides, in effect: "If YS continues to oppose the cabinet system plan and the public opinion turns unfavorable, then there would be no alternative but have the constitution amended first to accommodate a shift to the U.S.-type presidential system, then try our luck at a national party convention to be convened to nominate the next presidential candidate." What he referred to as the U.S.-type presidential system means the installing of a vice presidency, including the running mate system in which the presidential and vice presidential candidates share the same ticket in a presidential election.

For its wide-ranging implications, the Pak Chol-on comment has drawn extraordinary concern in political quarters which are watching for clues to a shift in the political climate. It can be seen as a threat to bar YS from being nominated as the DLP presidential candidate at the next party convention should he persist in his illusion of attaining power under the presidential system in disregard of the basic fact that he is a party to the agreement providing for a cabinet system constitutional amendment which he and No Tae-u and Kim Chong-pil signed at the time of the three-party merger.

However, a closer look at the Pak remark suggests the possibility that the former minister of state is perhaps exploring for something new through the "adoption of the vice presidency" clause, namely, a coexistence game. Under circumstances like in Korea, the installing of a vice presidency means a shared power as is the case with the cabinet system. It is possible as long as there is an internal accord promising the vice president the next presidency.

The DLP factional feud over the next presidency has lately been in a state of deadlock. YS, the center of the feud, has indeed achieved some visible results in blocking the rival factions' push for the cabinet system constitutional amendment by taking advantage of the public opinion; however, as far as the issue of the next presidency is concerned, the fact is that his status remains uncertain. Especially, in the course of his recent self-improvement effort as the ruling camp's No. 2 man and presidential candidate as seen in the separate DLP operations of the extraordinary National Assembly session, he began getting a cold shoulder from the public opinion. This gave him a sense of crisis.

The status of Pak Chol-on is equally uncertain. For a while after pushed out from the ring in a bitter power struggle with YS, he was down and out and people even compared his plight to a "kite with its string cut off." As deadlocks developed in North-South and ruling-opposition relations, his usefulness as a trouble-shooter has resurfaced, his standing rising accordingly. At the moment, however, he remains unable to regain his former, absolutely powerful standing.

Affirmative Approach by RDP Faction Suggested

Consequently, Pak set out to first minimize conflicts with other factions before reentering politics. He met with key NDRP faction leaders including Kim Chong-pil and Policy Board Chairman Kim Yong-hwan in a golf game on 17 July, and two days later had lunch with key RDP faction leaders such as Floor Leader Kim Tong-yong and Assemblyman Hwang Pyong-tae. Besides, he is known to be seeing Minister of State Kim Yun-hwan from time to time and is frequently in contact with Information Minister Choe Pyong-yol and other personages of the ruling camp.

In proposing the U.S.-type vice presidency, Pak Chol-on appears to be endeavoring specifically for solidarity with other factions. Needless to say, at the moment it appears that his wariness and animosity against YS remains unchanged. In effect, YS and the RDP faction are left out of his solidarity plan. In politics, however, there are no such things as permanent friends or permanent enemies; therefore, in view of the recent developments at home and abroad, one cannot rule out the possibility of a Copernican change in their relations.

Noteworthy in this connection are the recent moves of the YS camp. In his recent press conference in Pusan and on all occasions available, YS unhesitatingly said, in effect, that the cabinet system constitutional amendment plan has already run its course. He is trying to seize every opportunity available and make himself heard on his determination to take power under the present presidential system—and turn it into a fait accompli.

However, there still remains a question, which is: Does YS really believe that he has a chance of winning the next presidency under the present presidential system? As proved in the course of the recent extraordinary National Assembly session, his physical assimilation with the ruling camp is a must for YS to secure his nomination as the next presidential candidate. And in that case, his popularity rating from the masses will inevitably decline in inverse proportion to progress in that process. Then, it would be impossible to rule out the possibility of him suffering a sad defeat in a vote in what is called the final battleground, namely, the next party convention for the presidential candidate nomination—as warned by Pak Chol-on and DLP Secretary General Pak Chun-pyong. The ruling camp will also very likely decide to dump him should it find no usefulness in him any more.

Under these circumstances, YS cannot afford to persist in a stance favoring the present presidential system forever. Consequently, the possibility of his preparing a new compromise plan cannot be ruled out.

In this connection, a legislator, who is one of YS's close aides, made a very suggestive comment recently.

He said: "The recent move for a merger of the opposition camp has one noteworthy thing in it. It is that Kim Tae-chung and DP President Yi Ki-taek seem to be reaching agreement on the merger too easily. It could of course be the result of strong pressures from the public opinion but, as was demonstrated in the process of the three-party merger, politics are not always run by principles alone. There must have been something like a political transaction. Specifics of the bargain are unknown but, in view of the fact that Kim Tae-chung repeatedly proposed adoption of the vice presidency, perhaps a secret accord has been reached between them about Kim Tae-chung running as a presidential candidate and Yi Ki-taek as a vice presidential candidate in the next election.

"Needless to say, under the present circumstances where negotiations have not even started on a constitutional amendment, this is literally no more than a speculation. However, if the opposition camp should pursue a line like that, it would make a settlement easier. The reason is that DLP also finds it increasingly difficult to reject such proposal, and that there is a strong possibility that the intraparty feud is settled in the same direction."

By saying so, the legislator suggested that the RDP faction is considering a constitutional amendment for U.S.-type presidential system. The comment indeed is full of implications.

To Communicate Only Behind the Scenes

It is so because the fact that Pak Chol-on, YS and Kim Tae-chung—who differ in their positions concerning the management of the current political situation—are painting a similar picture at the same time pointedly means that there is the possibility of the ruling and opposition camps, and the DLP factions also, reaching a dramatic settlement when the ripe moment arrives. Needless to say, it is one thing to go ahead and sound out the possibility of agreement behind the scenes but it is another thing, a thing by no means easy, to make it public. Anyhow, inasmuch as such compromise is also premised on a constitutional amendment, whichever side makes the first move for it, it is bound to come under fire from the public opinion, as the cabinet system constitutional amendment plan was as it was branded a selfish plan seeking only the party interests and was subjected to a saturation bombing by the public opinion.

However, it can be said that there is, as a hard fact, the possibility of various political forces coming forward to seek a grand compromise through a constitutional amendment for a U.S.-type presidential system once the ruling-opposition confrontation and the DLP intraparty feud reach their extreme points.

* Editorial on Reform Debates

902C0304C Seoul TONG-A ILBO in Korean 29 Jul 90 p 2

[Editorial: "On Guard Against the Constitutional Amendment Debates—Cabinet System Plan, Early General Election Debate Should All Be Thrown Out"]

[Text] Constitutional amendment is the subject of heated debates these day. Both sides, the ruling and the opposition, are contributing to the heat equally, with different plans respectively.

The PPD national convention adopted the platform proposing a constitutional amendment for newly installing the vice presidency and introducing a runoff vote system for president. Kim Tae-chung, who flatly refused to retire to a second line, seems to have made up his mind to challenge the presidency once more, taking advantage of the political climate created by opposition members having resigned their National Assembly seats en masse and of the moves for a merger of the opposition camp.

Earlier, Kim Tae-chung, in an effort to see that the resignation en masse leads to an early general election, demanded that either the constitution be amended to specify the presidential authority to dissolve the National Assembly or the National Assembly dissolve itself through an exercise of its self-determination right.

We are of the opinion that as long as the constitutional government remains uninterrupted and the term-of-office clauses in the present constitution are abided by, the vice presidency and runoff vote plans as proposed deserve consideration.

Meanwhile, the ruling camp has decided to refrain from officially engaging in an amendment debate but behind the scenes there appears to be an energetic push going on for a constitutional amendment for a cabinet system.

The constitution may be amended to meet the needs of the times. We would like to point out, however, that the current amendment discussions are all based only on the interests in power, be it the prolonged power or an early accession to power. At the same time, we warn that such discussions entail enormous wastes of national resources and escalation of a political crisis.

The planned amendment for a cabinet system is a good example. The opposition launched an all-out offensive against it, defining it as a "scheme to stay in power forever." The present constitution was adopted only three years ago by the agreement of the ruling and opposition parties and the opposition sees the amendment plan for a cabinet system as based on the thinking of the present ruling forces that under the present constitution it is difficult for them to stay in power.

It is true that the troubles that crippled the latest extraordinary National Assembly session were touched off by controversies over the broadcasting bill and the national armed forces organization bill; more precisely, however, they were caused by the opposition having linked the two bills to the "cabinet system plot" rather than by the substance of the bills. In retrospect, the push for a cabinet system amendment proved to be a factor responsible for a crippled National Assembly session and the resignation of assemblymen en masse and the resultant political crisis.

Meanwhile, the hidden feud within the ruling camp over the cabinet system plan has become one of the major causes of a political conflict and instability by itself. And even if the DLP manages to shape a party consensus, it will have yet to overcome further crises—passage of the plan through the National Assembly (probably by railroading), a national referendum and a general election.

Indeed, one ordeal after another. The resultant ruling-opposition confrontation is bound to take on features of a massive war of attrition. We are apprehensively concerned that it may even cause a political collapse. Is this the time for that sort of thing? In addition to the domestic economic and social crises, North-South problems and international relations are showing complex changes.

This is the time for the ruling and opposition parties to focus on the affairs of state.

Therefore, the ruling camp should totally discontinue its cabinet plan debate now. By doing so, it can not only eliminate a target for the opposition to attack but also, and more importantly, find the time and energy to fully devote itself to the affairs of state. That way it will find greater chances of emerging triumphant under the present presidential system than under a cabinet system acquired at an unreasonably high cost.

For the same reason, the opposition camp should never mention a constitutional amendment. We cannot support its argument that the constitution should be amended to empower the president to dissolve the National Assembly in order to open the door to an early general election or that the National Assembly should exercise its self-determination right and dissolve itself voluntarily.

At the time of the 1987 constitutional amendment, some people argued for inclusion of a clause providing for the presidential power to dissolve the National Assembly; however, it was voted down because the opposition including the PPD maintained that the National Assembly should not be exposed to the whims of the administration. In connection with the self-determination right, the opposition would refer to the case of the West German parliament. In the case of West Germany, however, it is a parliamentary cabinet system.

We cannot but say that the opposition's position only shows its fretfulness for attaining power as soon as possible and even in disregard of the term-of-office provisions in the current constitution.

The constitution is the basic framework stipulating the rules of the power game. Except for emergencies, the political power should be fought for and attained in a contest over policy fair and square within the established framework. It is not right to merely persist in changing the rules of the game instead of trying to appeal to the people with policies substantively in their interests.

It is unthinkable that a boxing champion should be preoccupied with changing the rules of the ring instead of concentrating on fighting under the existing rules, isn't it?

* North Korean-Japanese Joint Ventures Detailed

902C0290 Seoul CHUNGANG ILBO in Korean 25 Jul 90 p 9

[Article by reporter Yu Yong-ku: "Joint Ventures: Chongnyon in Japan Provides Technology, Capital; North Korea Materials and Labor—98 Ventures Contracted Including 'Moranbong Joint Company' and 42 of Them in Operation"]

[Text] Editor's note: North Korea established the policy of expanding foreign trade in 1984 and at the same time began promoting "joint ventures" in the form of cooperation with foreign capital and technology. Joint ventures with Chongnyon-affiliated entrepreneurs in Japan have since brought some results but, after six years, it has yet to see a significant dividend of that policy. Here is a report on the actual conditions and progress of North Korea-Chongnyon joint ventures. [end editor's note]

Background

North Korea announced the "joint venture law" in September 1984, following it up with the successive promulgation of related laws and regulations, including "the detailed regulations relative to the application of the joint venture law" (2 March 1985), "the income tax law governing joint venture firms" and its detailed rules (7 March 1985), and "the alien income tax law" and its detailed rules (7 March 1985).

Basically, the North Korean joint venture program in part borrowed China's experiences in opening up its economy to the outside world. The purpose of joint ventures is to facilitate the acquisition of foreign capital and advanced technology and to develop overseas markets through cooperation with foreign businesses. Especially in the case of North Korea whose foreign exchange status is in a bad shape, it chose to promote joint ventures chiefly to acquire capital and advanced technology from foreign countries.

To begin with, North Korea decided to make positive use of entrepreneurs under Chongnyon in Japan and, with them as the contact points, it began bringing in Japanese capital and technology.

Full-Scale Ventures from 1987

After preparatory and experimental phases from 1984 through the end of 1986, North Korea-Chongnyon got on with their joint ventures in earnest in 1987. There were only four joint ventures in 1986 but the number increased by 26 in 1987, by 34 in 1988 and by another 34 in 1989.

In this period, joint venture economic delegations comprising entrepreneurs of the Chongnyon side visited North Korea frequently. Meanwhile, a North Korean joint venture technical delegation visited Japan from February to April 1987. In October the same year, a North Korean joint venture economic delegation visited Japan and exchanged views with 300 Chongnyon entrepreneurs from 10 regions.

As the joint venture program entered a serious stage, the "Joint Venture Research Group" started by Chongnyon in June 1986 changed its title to "Joint Venture Promotion Committee," upgrading its information and other services for the steadily increasing joint ventures.

"Korea Joint Bank" (total capital: ¥ 2 billion) was established in April 1989 as a joint operation of the Chongnyon Joint Venture Promotion Committee and the Korea International Joint Venture General Company to perform banking business for joint ventures and serve the interests of Chongnyon entrepreneurs.

The State of Ventures

As of the end of 1989, Chongnyon entrepreneurs and North Korea had signed contracts or reached agreements on 98 joint ventures altogether, including 42 that were subsequently put into operation.

Of them, the number of cases in which contracts were signed was 73 cases, including: primary industry (agriculture, forestry, fishery, marine products cultivation, etc.), 8 cases or 11 percent; second industry (manufacturing, construction, mining, electricity, transportation, etc.), 44 cases or 60.2 percent; and third industry, 21 cases or 28.8 percent.

The total amount of investments in the joint ventures contracted or agreed upon was ¥ 11.3 billion as of the end of 1989, the average per venture being approximately ¥ 160 million on the contract basis.

Investments by the Chongnyon side are mostly in the form of facilities, technologies and current funds while the North Korean side offers buildings, land, raw materials, other materials and supplies, labor and energy as its investments.

Average Scale ¥ 160 Million

Joint ventures currently in operation generally started with the signing of contracts between partners (companies or enterprises) on the basis of inquiries conducted about the objects of investments.

Included in the contract papers are the basic legal documents concerning the establishment and operations of the joint venture company such as the master contract, plant export contract, technical assistance contract, raw materials and other supplies contract, sales contract on products, etc.

When the contracts are concluded, the contract documents must be submitted to the North Korean External Economic Affairs Committee. The paper work is completed with the registration of the joint venture with the North Korean provincial administrative and economic committee concerned.

Examples

Moranbong Joint Company

This is a joint venture of the Tokyo-based Moranbong Incorporated and North Korea's Unha General Trading Company and the largest of the joint ventures currently in operation.

The first plant contract was signed in December 1986 and the second plant contract in February 1987. The first plant, put into operation in April 1987, is located in Taedonggang District, Pyongyang; the second plant, put into operation in September 1988, is located in Tongdaewon District, Pyongyang.

The capital is approximately ¥ 2.7 billion, 51.8 percent by the Chongnyon side and 48.2 percent by the North Korean side. The Chongnyon side provides up-to-date clothing processing facilities and raw materials (wool, yarn, etc.) while the North Korean side provides plant buildings, labor, land and so forth. The total number of employees is 1,100.

Its production goals are 400,000 suits of ready-made clothes, 800,000 shirts, 500,000 jumpers. In 1989, the first year of full-scale operation, the company exported 75,000 men's suits and jackets to Japan. These products are being sold at stores specializing in clothes and department stores in Japan at a price of about ¥ 40,000.

The production goal for this year is 150,000 suits.

As the company is scheduled to put into operation a ¥ 10 billion textile plant shortly, it is expected to have through-production capacities in the future.

Pyongyang Piano Joint Company

This company is a joint venture of PACO—a limited responsibility company operated chiefly by Chongnyon's second-generation Korean entrepreneurs—and the Pyongyang Musical Instruments General Company.

A Chongnyon technical survey organization began its feasibility survey in North Korea in 1985 and, after the necessary preparations concerning lumber procurement and labor available, the contract was signed in April 1987.

The ratio of investment is 55.6 percent by the Chongnyon side and 44.4 percent by the North Korean side. The plant is located in Mangyongdae District, Pyongyang.

The production goal is 5,000 pianos per year. The company was put into operation in November 1989 and the marketing of products began in April this year.

Mostly Run by Second-Generation Korean Residents

Chongnyon entrepreneurs participating in the management of Pyongyang Joint Company are known to be mostly second-generation Korean residents who graduated from Chongnyon-operated schools in Japan.

International Chemical Joint Company

This company is a joint venture of the Tokyo-based International Trading Incorporated and Yongaksan General Trading Company.

The contract was signed in September 1988, with capital of $20 million. The ratio of investment is 50.4 percent by the Chongnyon side and 49.6 percent by the North Korean side.

The business is refining of mineral ores extracted in North Korea containing rare elements. The goal is to produce 1,000 tons a year of such materials as yttrium used for fluorescent bodies.

The plant was completed in April 1990 in Hamhung City, South Hamgyong Province. Although its products are largely "for export," they are, observers say, affecting developments of the North Korean metal-chemical and electronic-automation industries.

Myongjon Joint Company

A joint venture of Nongyong Trading Company and the Medical Instruments Complex under the North Korean Ministry of Public Health, its contract was signed in October 1987.

The ratio of investment is 66.3 percent by the Chongnyon side and 33.7 percent by the North Korean side. The company began its production of electronic medical instruments in the medical instruments plant in Pyongyang in February 1989. The production goals include 500 units of ECG machines and 1 million thermometers a year. In addition, it began the production of ultrasonographs, gastroscopes and electroencephalographs.

This company is simultaneously turning out products for export and those for domestic use in North Korea.

Yi Yong-sam Pyongyang Sweet Chestnut Research Institute

This is a joint venture of the Tokyo-based Yonghung Trading Company, a firm specializing in chestnuts, and a North Korean company run by Songchon County.

The contract was signed in November 1986; the ratio of investment is 21.4 percent by the Chongnyon side and 78.6 percent by the North Korean side. The institute is located in Songchon County, South Pyongan Province, with 1,000 hectares of chestnut fields. The number of employees is 200.

The institute was put into operation in 1987 and its full-scale exporting began in 1990. This year's export goal is 500 tons.

Chongnyon-North Korea Joint Ventures in Operations (as of 1989)

Starting Year	Name of Joint Venture	Commodity	Location
1986	Changgwang Soft Drink	Soft drink	Pyongyang
1986	Taedonggang Restaurant	Food, liquors	Pyongyang
1986	Yi Yong-sam Py. Chestnuts	Nuts	Songchon, S. Pyongan
1986	6 Feb Joint Co.	Straw products	Pyongyang
1987	Tonghaegwan Co., Ltd.	Food, liquors	Wonsan, Kangwon
1987	Pyongyang Golf Co.	Golf course	Nampo
1987	Changgwang Joint Co.	Restaurants, stores	Pyongyang
1987	Moranbong Joint Co.	Ready-made clothing	Pyongyang
1987	Nagwon Songhwa Clothing Co.	Women's clothes	Pyongyang
1987	Wolmyongsan Joint Co.	Feldspar mining	Pyongyang
1987	Sosan Joint Co.	Honey	Pyongyang
1987	Wonsan Patriotic Knitting Co.	Knitted goods	Wonsan
1987	Hungdok Joint Co.	Tires	Hamhung, S. Hamgyong
1987	Namsan Joint Co.	Electric, electronic goods	Pyongyang
1987	Nungna Joint Co.	Clothing, other stores	Pyongyang
1987	Nagwon Joint Financing Co.	Finance	Pyongyang
1987	Noana Beauty Research Group	Ginseng cream	Sinuiju
1988	Pyongyang Silk Joint Co.	Silk textile	Pyongyang
1988	Chilbosan Marine Products	Marine products	Chongjin
1988	Songbong Joint Co.	Small-type transformers	Pyongyang
1988	Manjang Joint Co.	Herbs	Pyongyang
1988	Pyongyang Fish Farming	Eel fish farming	Pyongyang
1988	Chongchongang Joint Co.	Silk yarn	Huichon, Chagang
1988	Chongyu Joint Co.	TV, Typewriter parts	Pyongyang
1988	Kwangwang Taedong	Tourist transport	Pyongyang
1988	Yugyong Joint Co.	Restaurants	Pyongyang
1988	Pyongun Joint Co.	Restaurants	Pyongyang
1988	Koryo Joint Co.	Trading business	Pyongyang
1988	Oaudo Joint Co.	Refrigerator ship operation	Nampo
1989	Toksan Construction Machinery	Machine repair	Pyongyang
1989	Pyongyang Packing Materials	Corrugated cdbrd	Pyongyang
1989	Pyongyang Piano Joint Co.	Piano	Pyongyang
1989	Myongjon Joint Co.	Medical instruments	Pyongyang
1989	Kwangpo Joint Co.	Duck feather processing	Chongpyong
1989	Sinhung Joint	Bikes,electric/electronics	Pyongyang
1989	Choson Joint Bank	Banking	Pyongyang
1989	Chindallae Joint Co.	Women's clothes	Pyongyang
1989	Manpung Joint Co.	Light industrial goods	Pyongyang
1989	Choson Silver & Copper	Commemorative medals	Pyongyang
1989	Toraji Joint Co.	Stores	Pyongyang

1989	Taedonggang Auto Repair	Engine salvaging	Pyongyang
1989	International Chemical	Mineral ores refining	Pyongyang

* North-Soviets Mark Friendship Treaty Anniversary

902C0287 Seoul NAEWOE TONGSIN in Korean No 700,13 Jul 90 pp 1K-4K

[Text] The DPRK and the USSR marked the 29th anniversary of "The Treaty of Friendship and Cooperation and Mutual Aid" (also known as the treaty of military alliance) signed on 6 July 1961 amidst an estranged relationship due to the differences in their directions toward the construction of socialism.

During the military coup in South Korea in May 1961 when the political situation was drastically changing, North Korea's Kim Il-song visited the Soviet Union in person and signed the treaty which in reality has characteristics of a military treaty. Since then, North Korea and the Soviet Union have been solidifying their relationship as alliance based on this treaty by promoting various exchanges and cooperation in political, military, economic, and diplomatic matters. In addition, they have been sponsoring various friendship events on the occasion of the treaty's anniversary every year in order to demonstrate their relationship.

This year, they demonstrated their mutual friendly relationship through various festive events and discussions to mark the anniversary of the treaty. However, they directly reflected their estranged relationship by showing limited commemmorative activities for the anniversary. North Korea, in particular, sponsored only limited activities, such as hosting a party at the North Korean Embassy in Moscow, unlike previous years. Furthermore, they expressed their dissatisfaction to the Soviet

Union by broadcasting only a short commentary through their official "Central Broadcast."

So far, North Korea has been taking advantage of the anniversary to build and exaggerate their relationship with the Soviet Union. Since they sponsored the so-called "Pyongyang Festival," a solidarity meeting among young socialist students from socialist nations in the world from 1 to 8 July last year, no other commemmerative events were held last year. Instead, they displayed their mutual friendship and cooperative relationship through a commemmorative editorial in the official party newspaper, "NODONG SINMUN." In 1988, in addition to the newspaper editorial article promoting mutual friendship, they sponsored various colorful pro-Soviet Union programs such as "The Soviet Union's Day" in Ham-hung, a week of Soviet movies, and an exhibition of the Soviet Union's books and arts. In 1986, they sponsored unprecedented significant events, including exchange of high-ranking party, political, and military delegations celebrating the 25th anniversary of the treaty.

Contrary to North Korea, the Soviet Union commemorated the treaty day in a manner similar to previous years, at least superficially. The "Soviet Union - North Korea Friendship Association" sponsored a meeting at the friendship hall in Moscow on 5 July. At the Soviet Embassy in Pyongyang, the charge d'affaires ad interim, Boris Morozov, hosted a dinner party to which he invited North Korean guests, including Vice Premier Kim Pok-sin.

The characteristics of this year's events commemmorating the 29th anniversary of the treaty lie in the emphasis of their position rather than in displaying their alliance relationship. Traditionally, they insisted that their friendship and cooperative relationship have improved due to this treaty and emphasized their determination to improve their friendly relations by closely cooperating in various areas.

As was revealed in the substantially downscaled events, North Korea directly reflected their mutual uneasiness in the remarks and editorials related to the anniversary this year. North Korea pointed out that they have been developing their friendship and cooperative relationship in accordance with the spirit and the ideology of this treaty and insisted that their mutual relationship will continue to develop in the future. Their uneasiness can also be read between the lines from their position of maintaining socialism and from their indirect criticism of the Soviet Union's reform policy.

In particular, Vice Premier Kim Pok-sin strongly disclosed their dissatisfaction at the dinner party hosted by the Soviet Embassy in Pyongyang on 5 July by saying that the "Friendship Treaty" made a great contribution to solidifying their friendship and cooperation and that "Today's political situation demands a faithful execution of the 'alliance duty' based on the friendship and cooperative spirit in accordance with the objective of the treaty." Kim insisted that it is North Korea's consistent position to develop their relationship with the Soviet Union. Kim also reiterated their previous insistence that the Soviet Union's perestroyka and North Korea's resulting isolation are caused by the "obstructionist maneuvers" of the "imperialist reactionaries," and emphasized, "we have to try hard in order that these traditional friendship and cooperative relations are not subjected to the obstructionist maneuvers of the reactionaries."

While the Soviet Union tried not to offend North Korea through official commemmorative events by bringing up the issues related to their mutual cooperation and exchange, a double standard was shown in their indirect criticism of North Korea's isolation policy and their suggestion for changes in their mutual relationship through commentary on Moscow Radio. Through the commentary on 6 July, on the occasion of the 29th anniversary of the Friendship Treaty, Moscow Radio pointed out that the relationship among socialist nations in the world today has reached a "stage of responsibility," and urged North Korea to promote reform and open policy like the Eastern bloc nations by emphasizing, "The reform process in these nations will maintain a new feature of socialism, enhance the socialistic and humanistic ideal, and transfer the society to the people." The commentary also insisted that the reform process in these socialist nations "demands a more realistic relationship; that is, a true mutually beneficial cooperation free from dependency," and indicated a possible change in the Treaty by saying that the 29th anniversary of the Treaty is also "a motivation for analyzing unresolved problems and for evaluating the possibilities for enhancing the effectiveness of a bilateral relationship."

Observers of North Korea/Soviet Union relationship have shown a deep interest in how the status of the Treaty will change on the occasion of the 29th anniversary. In view of the fact that North Korea and the Soviet Union have been strengthening their solidarity based on the Treaty, the position of the Soviet Union, which has the real initiative in the Treaty, toward the Treaty has been a concern; especially, under such circumstances as discords between the two nations, caused by their confronting political lines related to the reform, have surfaced, and North Korea maintains their doctrinistic socialism by ignoring the Soviet Union's pressure to reform and open their policy. According to the treaty agreement, the treaty will be automatically effective for the next five years unless either nation proposes to cancel it a year before the 10-year period of effectiveness. Incidentally, this year was the year that either nation can propose canceling it. Therefore, the interest in the possible change in the treaty status has been amplified.

However, the treaty has become known to be effective at least for the next five years, since PRAVDA, the Soviet Communist Party's official newspaper, announced a continuation of the treaty on 6 July. The important aspect, however, is that substantial changes in the basic characteristics of the treaty are expected to be made in the future, as indicated on various occasions related to the 29th anniversary. Under the circumstance where the Soviet Union's strategies toward the Korean peninsula and the world are changing, the treaty will inevitably be transformed into a form of nonmilitary and nonpolitical or economic cooperation.

Burma

Diplomats Say Harassment Hurting NLD Unity

BK0410012990 Bangkok BANGKOK POST in English 4 Oct 90 p 2

[Text] Burma's main opposition party, landslide victor in an election but barred from forming a government, is being torn apart by army harassment and internal disagreement over how to win power, diplomats said yesterday. They said the National League for Democracy (NLD), which last month suffered the arrest of leaders who had steered the fragile coalition to electoral victory in May, would meet soon to try to win back support among rank-and-file members. "There is considerable unhappiness within the NLD about its apparent kowtowing to the military," a diplomat in Rangoon told Reuter.

The NLD, a motley group of retired generals and dissident intellectuals, had since its dramatic election win avoided direct confrontation with the military government but kept up demands for an early transfer of power. But last month's arrest of Acting Chairman Kyi Maung and harassment of the NLD's intellectual wing has unbalanced the party, costing it momentum and alienating it from a populace eager for change, diplomats said. "Kyi Maung was the glue which held the party together through an amazing election victory," one said. "He is gone now, and the NLD in the countryside is not sure it trusts the present leadership."

The army killed more than 1,000 demonstrators when it crushed a nationwide uprising two years ago. Since the election it has reneged on its promise to hand over power to the winners, demanding the NLD and other parties first draw up a constitution.

After Kyi Maung's arrest the NLD said it sought a dialogue with the army and hinted at agreeing to its demand for a slow, closely supervised transfer of power.

Diplomats said NLD representatives touring provincial offices to explain the party's efforts for compromise had been frostily received by local members. Some had even talked of developing alternative policies within the party, they said. About 75 per cent of NLD elected candidates were loyal to academic Aung San Sun Kyi, who despite being under house arrest since July, 1989, has been credited with inspiring the party's electoral victory, they said. "She is inside and so now is Kyi Maung. Their massive rank-and-file support is no longer reflected in the NLD leadership," a diplomat said.

Members of Insurgent Groups 'Surrendering'

BK0310143790 Rangoon Domestic Service in Burmese 1330 GMT 3 Oct 90

[Text] People belonging to various insurgent organizations who have come to realize their wrongdoing have been surrendering with arms and ammunition at different Army camps. Accordingly, Aung Lwin U, alias Aung Htoo; Kyaw Shwe, alias Moe Nyo, alias Moe Swe; Tun Win, alias Tint Way; Tin Maung U, alias Maung Maung U; and Tint Lwin U, alias Min U, all of whom belong to the 401st Battalion of the insurgent ABSDF [All Burma Students' Democratic Front] surrendered together with two M-21's, 89 rounds of M-21 ammunition, and five grenades at (Mong Ywa) camp of the frontline 68th Infantry Regiment on the morning of 15 September. It is learned that those who returned to the legal fold were warmly welcomed back by the authorities in charge.

Brunei, Malaysia & Singapore

Malaysia

Mahathir Dissolves Parliament for Elections

BK0410103690 Kuala Lumpur BERNAMA in English 1002 GMT 4 Oct 90

[Text] Kuala Lumpur, Oct 4 (OANA-BERNAMA)—The Dewan Rakyat (the lower house of Parliament) and State Legislative Assemblies, except for the Sabah and Sarawak state legislatures, will be dissolved Friday [5 October] to pave the way for the eighth Malaysian general election.

Prime Minister Dr. Mahathir Mohamed, announced this Thursday after chairing a meeting of heads of component parties of the ruling National Front coalition here. He said the Yang Di-pertuan Agung (the King) Sultan Azlan Shah had given his consent to the dissolution of the Dewan Rakyat, while all the chief ministers of the 11 state assemblies in Peninsular Malaysia have been advised to take the necessary steps to have their respective state assemblies dissolved the same day. The election commission will meet to fix the dates for nomination and polling.

The term of the current parliament only expires in October next year. A total of 180 parliamentary seats and 351 state assembly seats will be contested this time. A breakdown of the parliamentary seats are Perlis (2), Kedah (14), Pulau Pinang (11), Perak (23), Selangor (14), Negeri Sembilan (7), Melaka (5), Johor (18), Pahang (10), Terengganu (8), Kelantan (13), Sarawak (27), Sabah (20), Kuala Lumpur Federal Territory (7) and Labuan Federal Territory (1).

Cambodia

East German Embassy Closes; Diplomat Remains

BK0410024790 Hong Kong AFP in English 1804 GMT 3 Oct 90

[Text] Phnom Penh, Oct 3 (AFP)—The East German Embassy here has closed for business but the new German Government will keep its options open for at least three months on whether to set up a mission in Cambodia, the former charge said Wednesday.

"Yesterday (Tuesday), I officially finished my mission here as charge d'affaires," with a farewell banquet, Gernot Taufmann said. He added, however, that the reunited Germany that came into being Wednesday would make a firm decision on whether to permanently close the mission within the next three months. This would give both sides time to consider the matter from "every angle."

Mr. Taufmann, who said he would remain in an unofficial capacity here to deal with technical issues, added that the same applied to the Cambodian mission in East Berlin. The premises, furniture, documents and staff of both missions in the two cities would be protected by diplomatic immunity.

West Germany did not recognise the government here, but a visiting West German MP said in August that some sort of a mission, though not at ambassadorial level, would be maintained in Phnom Penh under a united Germany. Analysts here said Germany would likely await results of the peace process between Phnom Penh and the three-party resistance before making a decision. One added that Germany would likely wait for another country to take the initiative of opening an embassy here.

A Cambodian analyst said the decision to give the German mission a respite from total closure was an encouraging sign for the future as was the visit here over the weekend of French Deputy Foreign Minister Thierry de Beauce. The French official met top leaders for political talks and opened an Alliance Francaise Cultural Centre, which many overseas observers see as a de facto diplomatic mission.

Some governments have indicated that they would recognise, though not at diplomatic level, a Supreme National Council, which the four warring sides have agreed to set up to embody the country's sovereignty and take up its United Nations seat. The body's first meeting was suspended in Bangkok earlier this month due to disagreement over the chairmanship and the issue remains deadlocked.

Phnom Penh Reports Disruption of Rail Transport

BK0410060790 Phnom Penh SPK in English 0416 GMT 4 Oct 90

[Text] Phnom Penh SPK October 4—Transportation on the two railway lines—Phnom Penh-Battambang and Phnom Penh-Kompong Som—has been disturbed by sabotage activities of the Khmer opposition troops.

According to a report by the Kampuchean railway company, during the first eight months of this year the Khmer bandits on 72 occasions sabotaged the operation of the two railways by mining and derailing trains, opening fire on and plundering passengers. As a result, 13 railway bridges totalling 307 metres were blown up and 5.5 km of rails and five locomotives destroyed.

The cost for the restoration of the destroyed bridges and railway portions is estimated at 500 million riels (Cambodian currency).

The company has so far striven hard to fix them and achieved 52 percent of the yearly transportation plan in the first nine months of this year. The volume of freight delivered was 1.7 million tons.

The company has imported 10 wagons from Vietnam each costing five million riels. It plans to buy two locomotives from the Czechoslovak Federative Republic next year.

Besides, a group of UN representatives have recently made a survey of the railway lines and planned to fund 33 million U.S. dollars for the restoration of the railway portion from Sisophon to Poipet in the western border area.

Phnom Penh Accuses Resistance of Blocking Peace

BK0410100190 Phnom Penh Domestic Service in Cambodian 1300 GMT 3 Oct 90

[Station commentary: "The Maneuver To Hinder the Peace-Seeking Process"]

[Text] Lately, while the 45th UN General Assembly was waiting for the delegation of the Supreme National Council [SNC] to take over the Cambodian seat, the leaders of the other Cambodian side had sought every means to put the blame on the State of Cambodia by using Samdech Norodom Sihanouk as the pawn.

This is the most abject trick. Everyone knows that in the Jakarta joint communique dated 10 September, there is no paragraph saying Samdech Norodom Sihanouk is the SNC chairman. However, the other Cambodian side, which usually does not respect anything it agrees to, has misinterpreted the point in the joint communique—which says that if the 12 members so desire, they may appoint a chairman of the SNC and that, in that case, this chairman would become the 13th member of the SNC—meaning this is an agreement for Samdech Norodom Sihanouk to become the chairman. This constitutes the unchangingly cunning nature of the other Cambodian groups, particularly the Pol Pot-Khmer Rouge group.

From Jakarta to Bangkok, the six SNC members from the State of Cambodia have not wanted nor have they ever called on Samdech Norodom Sihanouk to become SNC chairman. However, out of their goodwill to quickly settle the Cambodian problem, the six SNC members from the State of Cambodia have given concessions to the other Cambodian side by allowing Samdech Norodom Sihanouk, who is not an SNC member, to join the SNC on a seven-plus-seven formula. If Samdech Norodom Sihanouk is to become the SNC chairman, an SNC member from the Phnom Penh side must become the vice chairman. This is the SNC's principle of equity.

However, the other Cambodian groups, particularly Son Sann, have shamelessly declared that Comrade Hun Sen, Council of Ministers chairman, is just an SNC member and cannot become a vice chairman. We would like to ask: If a person who is already an SNC member cannot become the vice chairman, why must they insist on allowing an outsider to become the SNC chairman?

As for Samdech Norodom Sihanouk, while announcing his request for a six-month leave of absence from the political work due to illness, he has turned to exploit the State of Cambodia's goodwill in order to fool world public opinion.

Speaking from Beijing, the samdech has requested his colleagues, particularly the Pol Pot-Khmer Rouge, to give the so-called concessions to Phnom Penh. This is why, on 26 September, Comrade Hun Sen announced clearly that the six SNC members from the State of Cambodia wanted the content of the Jakarta joint communique to be retained. That is, there must be only 12 members of the SNC without Samdech Norodom Sihanouk. This is the principled stance of the State of Cambodia and its adherance to whatever agreement it signed.

The comrade chairman of the Council of Ministers clearly stated: If they do not understand what we want, we should not understand what they want.

All of this clearly shows the failure of the SNC meeting was not the State of Cambodia's fault. It is the fault of the other Cambodian side, which has tried hard to use the issue of SNC chairman as an obstacle. We think Samdech Norodom Sihanouk, Son Sann, and the other SNC members from the other Cambodian side are being tricked by the Pol Pot-Khmer Rouge group and Son Sann who have tried to hinder the process toward seeking peace for Cambodia.

While world public opinion is condemning and rejecting the Pol Pot genocidal regime, Pol Pot's Khmer Rouge have diverted world attention toward the election of Samdech Norodom Sihanouk as SNC chairman. This means they have turned the world confrontation with the genocidal regime into the appointment of Samdech Norodom Sihanouk as SNC chairman.

Therefore, we think both Samdech Norodom Sihanouk and Son Sann should stop serving as a pawn of the Pol Pot-Khmer Rouge group. For the sake of peace and the Cambodian people's survival, Samdech Norodom Sihanouk should disassociate himself from Pol Pot as soon as possible. As for the State of Cambodia's six SNC members, they have time and again announced they will do anything possible to settle the Cambodian problem by basing a settlement on the prevention of the return of the Pol Pot genocidal regime and on respect for the Cambodian people's right to self-determination.

SPK Reports Military Activities in Sep

BK0410064290 Phnom Penh SPK in English 0415 GMT 4 Oct 90

[Text] Phnom Penh SPK October 4—According to military sources, in the third week of September, the government Armed Forces killed 33 enemy troops, captured seven and forced 17 others to surrender. They also seized 20 rifles and a quantity of other war means. The enemy troops took the casualties while launching attacks against government positions especially in Kompong Thom and Siem Reap Provinces.

AFP on Sihanouk Plans To Return in Early Sep

BK0410031490 Hong Kong AFP in English 1759 GMT 3 Oct 90

[Text] Paris, Oct 3 (AFP)—Prince Norodom Sihanouk, former Cambodian monarch, had made preparations to return to Cambodia in early September, informed Cambodian sources said Wednesday.

The prince was ready to return immediately after a meeting in Indonesia where he hoped to be elected president of Cambodia's Supreme National Council, an interim administration set up under a U.N. peace plan for a ceasefire and free elections in Cambodia. But, the sources said the prince decided at the last minute not to attend the Jakarta meeting on the grounds he had been "insulted" by Cambodian Prime Minister Hun Sen and because of internal dissent among his own followers. In a surprise announcement, the prince then said he was taking six-months sick leave and wanted no part in the council.

Prince Sihanouk is now in the Chinese capital Beijing where he plans to stay until the four Cambodian parties agree on conditions for his election to the presidency of the SNC. The sources said he would go to Pyongyang in North Korea on October 12 if no decision had been reached by then. The Cambodian parties have until October 18 to get the SNC accredited at the United Nations in place of the current reprentatives of the three-party opposition dominated by the Khmer Rouge.

Sihanouk To Visit DPRK 'If No Agreement'

BK0310133790 Hong Kong AFP in English 1313 GMT 3 Oct 90

[Text] Bangkok, Oct 3 (AFP)—Prince Norodom Sihanouk is due to travel to North Korea next week if no agreement is reached before then on his heading an interim authority in Cambodia, Cambodian and diplomatic sources said here Wednesday. The prince has indicated he would leave Beijing, where he is currently staying, for Pyongyang on October 12 unless there was agreement for him to join the Supreme National Counil (SNC) as its chairman and the leader of an SNC delegation to the United Nations, the sources said.

The four warring Cambodian factions, Phnom Penh and a guerrilla coalition joining the powerful Marxist Khmer Rouge with non-communist supporters of the prince and former Premier Son Sann, accepted last month in Jakarta a U.N. peace framework for Cambodia and set up the SNC with 12 members, six from each side.

Prince Sihanouk, who stayed away from the Jakarta meeting, is not an SNC member, but he and the guerrilla factions demanded, in keeping with the U.N. plan, that he be included as the body's chairman. Phnom Penh has accepted that, but demanded, in return, the preservation of the equal representation format by the appointment of Phnom Penh Prime Minister Hun Sen as vice-chairman. The Beijing-backed Khmer Rouge and its allies have rejected Mr. Hun Sen's appointment as deputy head of the SNC.

Cambodian and diplomatic sources said Prince Sihanouk, still internationally considered as his country's most prestigious leader, had made it clear he would not shun an agreement to give him the SNC chairmanship if it came after October 12. But, the sources said, the 68-year-old mercurial prince had indicated he was to stay in North Korea until December which would mean he would not be able to assume the chairmanship or travel to New York to attend the United Nations General Assembly before the end of the year.

VOK Reports Sihanouk's 25 Sep Message on SNC

BK0410011290 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 27 Sep 90

[Text] Samdech Norodom Sihanouk stressed that he did not reject the demand of Hun Sen of the Vietnamese-Heng Samrin communist regime to be vice chairman of the Cambodian Supreme National Council [SNC].

Samdech Norodom Sihanouk said this in a message from Beijing dated 25 September. He said leaders of the tripartite Cambodian resistance movement agreed at a meeting last Sunday [23 September] that Hun Sen is just an ordinary member of the SNC; therefore, Hun Sen would not be elected vice chairman of the SNC. Samdech Norodom Sihanouk further specified that in a message to him, dated 23 September, His Excellency Son Sann, president of the Khmer People's National Liberation Front [KPNLF] and prime minister of the Cambodian national government, stressed that leaders of the tripartite Cambodian resistance movement believe there is no use nominating Hun Sen vice chairman of the SNC because this would mean putting the SNC under the framework of the Heng Samrin-Hun Sen communist regime.

Samdech Norodom Sihanouk said His Excellency Son Sann stressed that the tripartite Cambodian resistance side clearly realizes Hun Sen's demand to be vice chairman of the SNC is something Vietnam has always wanted in attempts to get Samdech Norodom Sihanouk to become president of the Heng Samrin communist regime with Hun Sen as prime minister.

Last Friday [21 September], Samdech Norodom Sihanouk appealed to the Cambodian resistance side to accept Hun Sen's demand to add another member to the SNC in the event he is elected chairman of the SNC.

VODK 'Absolutely' Opposes Hun Sen's Demand

BK0410055490 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 3 Oct 90

[Commentary: "Hun Sen's Demand To Be Vice-Chairman of the Supreme National Council [SNC] Is an Atempt To Put the SNC Under the Phnom Penh Side and for the Aggressor Vietnam To Continue Occupying Cambodia"]

[Text] On 26 September, Hun Sen openly said in Phnom Penh his side is not willing to let Samdech Norodom Sihanouk be chairman of the SNC so long as Hun Sen is neither vice chairman nor cochairman. This unreasonable and obtrusive demand has greatly angered local and foreign public opinion.

1. In the document of the five permanent members of the UN Security Council [UNSC] and the Jakarta document, it is clearly and unambiguously stated that Samdech Norodom Sihanouk will be elected chairman of the SNC.

2. The entire Cambodian people and the international community believe only Samdech Norodom Sihanouk can fulfill the role of chairman of the SNC to achieve national reconciliation and implement the document of the UNSC five permanent members, the Jakarta document, and the 20 September resolution of the UNSC.

3. Hun Sen's demand to be vice chairman is an issue the Vietnamese aggressors and the Phnom Penh side have raised to create an obstacle to a solution to the Cambodian problem because:

1. These three documents do not talk about a vice chairman.

2. The real goal of the Vietnamese aggressors and the Hun Sen side is to get the SNC under the Phnom Penh side to legitimize Vietnam's act of aggression in Cambodia. If Hun Sen becomes vice chairman of the SNC, Vietnam will certainly push Hun Sen to use this position to act at Vietnam's will and create all kinds of obstacles to prevent the Cambodian problem from being solved, prevent Cambodia from regaining independence, and prevent the Cambodian people from being liberated from Vietnam's aggression and colonialism.

3. The situation in Cambodia is not the same as in countries which have peace, national unity, a single national army, and a constitution respected by everyone. The situation in Cambodia is one in which Vietnam is carrying on a war of aggression; Vietnamese aggressor forces are everywhere in the country. The Vietnamese aggressors do not respect international law or international agreements. Look at the 1954 Geneva agreement, the 1962 agreement on Laos, and the 1973 Paris agreement. How Vietnam trampled these agreements provides clear evidence.

The entire Cambodian people in and outside the country absolutely support the SNC with Samdech Norodom Sihanouk as chairman. The entire Cambodian people in and outside the country absolutely oppose Hun Sen as vice chairman of the SNC to legitimize Vietnam's act of aggression in Cambodia.

VOK: SRV 'Still' Does Not Want Settlement

BK0310124590 (Clandestine) Voice of the Khmer in Cambodian 1100 GMT 2 Oct 90

[Political commentary: "The Hanoi Vietnamese Still Do Not Want To Settle the Cambodian Problem"]

[Text] The Cambodian problem has been in existence for 11 years since Vietnam invaded Cambodia with its Armed Forces and then installed the puppet group, which consisted of former Khmer Rouge stained with the people's blood, under the pretext of saving the Cambodian people from the Pol Pot group. Vietnam thinks this trick is the most appropriate excuse for fooling the international community into overlooking its fault so it can continue Ho Chi Minh's Indochinese policy. Under international pressure and facing the revolt and opposition of the Cambodian people, Vietnam has been forced to manipulate to show the world that it wants to resolve the Cambodian problem peacefully. In fact, Vietnam does not want to settle the Cambodian issue in the least, and there is much proof of Vietnam's unwillingnesss.

On 30 September 1989, faced with international pressure seriously affecting the Vietnamese economy, Vietnam announced it had completely withdrawn its forces. However, it is obvious Vietnamese troops of every type are still hidden in Cambodia, including those hiding in the forest and those mixed among the Heng Samrin troops and among the Vietnamese nationals who have illegally taken up residence in Cambodia. Along with this, Vietnam has kept its experts in Cambodia on the pretext that they are advisers. In fact, the Vietnamese experts are the direct bosses of the puppet group. This shows Vietnam is insincere and still does not want to settle the Cambodian problem.

Lately, after the Cambodian peace process became promising in the eyes of the Cambodian people, Vietnam ordered Hun Sen to maneuver to shamelessly change his stance. Although Phnom Penh has painstakingly shown it has been willing to settle the Cambodian problem, it has never been able, through its words, to disguise its unwillingness. People still recall prior to the announcement of the peace framework document forged by the five major powers, the Hun Sen group categorically rejected the United Nations' role.

However, after the document was made public, Hun Sen said: I, Hun Sen, have written to the Soviet Union asking it to take initiative in mapping out the document. This is really ridiculous. Because, contrary to what Hun Sen said, Hor Nam Hong [foreign minister] said on 31 August 1990 the Phnom Penh side only accepted the peace plan of the Big Five as a basic discussion paper. Later, Heng Samrin said the political and military status quo in Cambodia should be maintained. This means all political plans are rejected and the Vietnamese aggression is justified. Moreover, when Hun Sen said in Jakarta on 10 September that the Phnom Penh party fully agreed to the peace plan of the Big Five, SRV Deputy Foreign Minister Tran Quang Co promptly flew to Jakarta. Hun Sen then said Phnom Penh did not want to discuss the issue of the Supreme National Council [SNC] straightaway, and so on. Later, on 26 September 1990, Hun Sen clamorously stated the Phnom Penh party did not accept the SNC chairman as the SNC's 13th member and that it was necessary to intensify troop recruitment to continue fighting. It is really confusing.

Can Hun Sen, Heng Samrin, or Hor Nam Hong ever make a statement without the Vietnamese master's approval? No, absolutely not. As such, this fact demonstrates that Vietnam still does not want to settle the Cambodian problem. By all appearances, we think that with or without willingness, Vietnam neither has sufficient strength to resist current world developments nor can it continue to overcome problems from its vulnerable economy, despite its continued plundering of Cambodia's resources. As for the Hun Sen group, it has no source of strength to stave off international pressure. Consequently, the Cambodian people's hope will eventually materialize.

VONADK Appeals for Support Against SRV

BK0410063790 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 3 Oct 90

[Station editorial: "The Hanoi Vietnamese Aggressors and Phnom Penh are Blocking the Establishment of the Supreme National Council [SNC] Because They Are Afraid That the SNC Will Cooperate With the United Nations To Check Vietnam's Aggressor Forces in Cambodia"]

[Text] Although the Hun Sen side has been compelled to accept the 10 September Jakarta joint statement, an SNC with Samdech Norodom Sihanouk as chairman in accordance with the joint statement and the document of the five permanent members of the UN Security Council [UNSC] has not yet been established. The Hanoi Vietnamese aggressors are still ordering Phnom Penh to oppose the SNC establishment with Samdech Norodom Sihanouk as chairman by successively raising certain issues.

People ask: Why have the Hanoi Vietnamese aggressors ordered Phnom Penh to create obstacles to block the establishment of the SNC with Samdech Norodom Sihanouk as chairman? People can easily answer this as there is nothing difficult to understand. There are two main reasons.

1. The Hanoi Vietnamese aggressors and the Phnom Penh side are trembling in fear because they realize the five permanent members of the UNSC and the entire UNSC have decided on the establishment of an SNC, with Samdech Norodom Sihanouk as chairman, to be the sole source of authority for the Cambodian state. Once is done, the Vietnamese authorities in Phnom Penh should no longer exist.

2. The Hanoi Vietnamese aggressors and Phnom Penh clearly realize that once the SNC with Samdech Norodom Sihanouk as chairman has been set up, the

United Nations will certainly join the SNC chaired by Samdech Norodom Sihanouk to check and ensure all types of Vietnamese aggressor forces are withdrawn from Cambodia. This is why the Vietnamese aggressors and the Phnom Penh side are trembling in fear while the Cambodian people are rejoicing, as they have been fighting for 12 years to restore Cambodia's independence and peace. The above resolution of the five permanent members of the UNSC is a great victory for the Cambodian people and the three Cambodian national resistance forces which have cooperated and braved every obstacle to struggle persistently and arduously for 12 years. This is also a great victory for the ASEAN countries and peace- and justice-loving countries throughout the world that have been providing precious support and assistance to the cause of the Cambodian people's independence for the past 12 years.

The Cambodian people and the three Cambodian national resistance forces are determined to stand by these great victories and cooperate with the five permanent members of the UNSC, the entire UNSC, all ASEAN countries, and all independence- and peace-loivng countries throughout the world over to eliminate all maneuvers by the Hanoi Vietnamese aggressors and Phnom Penh to hinder the establishment of the SNC with Samdech Norodom Sihanouk as chairman. This is to enable the SNC to join the United Nations in checking and ensuring that all types of Vietnamese aggressor forces are quickly withdrawn from Cambodia.

The fact that the Hanoi Vietnamese aggressors and Phnom Penh have been compelled to accept openly the Jakarta joint statement and the document of the five permanent members of the UNSC, and the fact that they delayed the implementation of these two documents, clearly shows the Hanoi Vietnamese aggressors and the Phnom Penh side are at an impasse. The SNC with Samdech Norodom Sihanouk as chairman will certainly be set up. The United Nations will definitely join the SNC chaired by Samdech Norodom Sihanouk to check and ensure all types of Vietnamese aggressor forces are withdrawn from Cambodia in the near future.

Compatriots: Please urge relatives, who have been rounded up by the Hanoi Vietnamese aggressors and Phnom Penh to fight and die on their behalf, to quicky return home rather than stay and die in vain on behalf of the Vietnamese. Compatriot Cambodian soldiers: Please stop serving the Vietnamese aggressors and stop carrying out the Vietnamese aggressors' orders to fight and die on their behalf. Compatriots, please strive to find every means to escape to your villages and districts and join other compatriots in demanding the establishment of the SNC with Samdech Norodom Sihanouk as chairman and cooperating with the SNC chaired by Samdech Norodom Sihanouk and the United Nations to drag and push all Vietnamese hiding in your area back to their country.

Laos

'Highest-Level Contact' in 15 Years With U.S.

BK0410022390 Hong Kong AFP in English 2254 GMT 3 Oct 90

[By Gerry Aziakou]

[Text] New York, United Nations, Oct 3 (AFP)—U.S. Secretary of State James Baker met with his Laotian counterpart Phoun Sipaseut here Wednesday in the highest level contact between the two countries since the communist takeover in Laos 15 years ago. Officials from both sides said the 30-minute meeting focused on bilateral relations, particularly cooperation in the narcotics field and in the search for U.S. servicemen reported missing in action (MIA) during the Indochina conflict, and Cambodia.

Laotian Vice Foreign Minister Souban Salitthilat told AGENCE FRANCE-PRESSE that the meeting was of great significance and resulted from "efforts by both sides to establish a solid basis for future cooperation." He said the two sides had no immediate plan to upgrade their diplomatic relations, which are now at the charge d'affaires level.

In Wednesday's meeting, Mr. Souban said "The two sides reaffirmed their determination to boost cooperation on the MIA issue and in the anti-drug fight," he added.

The U.S. State Department lists some 530 MIAs in Laos.

"We've had good cooperation from Laos and we're interested in increasing the level of that cooperation," State Department spokesman Ken Bailes said Wednesday.

In March last year, the department also certified to the U.S. Congress that Laos was cooperating in efforts to curb drug production, a move which made it possible for Vientiane to qualify for U.S. aid. Laos is the world's third largest producer of opium after Burma and Afghanistan. Mr. Souban said the United States was funding an eight-million-dollar project of integral rural development aimed at promoting substitution crops and draw Laotian peasants away from their poppy-growing high plateaus into urban centers.

Addressing the U.N. General Assembly after his talks with Mr. Baker, Mr. Phoun stressed that the drug scourge could not be blamed only on producing countries. "Demand is an equally important factor and the anti-drug fight is a collective responsibility. "It requires international cooperation not only in the field of repression, but also in providing financial aid to developing countries for their efforts to promote substitution crops as part of programs of integrated rural development," the Laotian foreign minister told the Assembly.

On Cambodia, Mr. Phoun and Mr. Baker welcomed the progress made in efforts to reach a political settlement, particularly the acceptance by the four Cambodian factions to accept a peace plan put forward by the five permanent members of the U.N. Security Council in late August and their formation of a Supreme National Council.

Mr. Souban meanwhile noted that Laos had played an active role in international efforts to advance a Cambodian settlement. He also reacted positively to Thai Foreign Minister Subin Pinkhayan's proposal, made before the General Assembly Tuesday, to integrate the three communist-ruled Indochinese countries—Vietnam, Cambodia and Laos—and Burma into the booming Association of Southeast Asian Nations (ASEAN) to create a "larger economic bloc."

Non-communist ASEAN groups Brunei, Malaysia, Indonesia, the Philippines, Singapore and Thailand.

"We will carefully study the Thai proposal. We welcome it," said Mr. Souban.

Opium Trafficking Attacked

BK0410052490 Hong Kong AFP in English 0325 GMT 4 Oct 90

[By Jean-Claude Chapon]

[Text] Vientiane, Oct 4 (AFP)—Laos authorities say they are determined to wage a war on opium trafficking to rid the country of its dubious title as the world's largest producer after Burma and Afghanistan. Arrests and destruction of opium stocks have picked up in recent months with increased cooperation between the U.S. Drug Enforcement Administration (DEA) and local police.

"The cooperation of the Laotian police is rather new, and I think they are quite sincere in wanting to fight trafficking," a U.S. diplomat here said, adding that refining operations in Laos appeared to be on the decline.

The border hills of Laos, peopled by minorities, are the main areas of poppy cultivation. Opium is derived from poppies and then refined into heroin.

Laos' tougher stance has led to improved relations between Vientiane and Washington. In March last year, the U.S. State Department for the first time "certified" that Laos was cooperating in efforts to curb drug production, allowing this small Indochinese nation to be eligible for American aid.

Washington had long accused Laos of not seriously fighting against opium trafficking as well as that of marijuana, the production of which has increased in recent years, diplomats here said. U.S. experts say the last harvest of opium poppies was 350 tonnes, although Laotion Deputy Foreign Minister Soulivong Phassitthidet questioned that. He said that opium production was "far less." The Americans believe that most of what is produced in Laos leaves via Thailand and some through Vietnam and China.

"We are determined to carry out a fight without mercy against the opium trade, starting with the suppression of poppy farming," the deputy minister said in an interview. "For this, it is necessary for us to have foreign aid to develop substitute crops and improve the life of people in the mountains and change their production habits," he added.

Washington recently put into place an eight million dollar program over six years to develop substitute crops in Houa Phan Province, in the northwest, and draw peasants away from their poppy-growing high plateaus into urban centers. United Nations agencies are funding similar projects in different regions of Laos.

"Where there are Meo (minority settlements), it's a bet there's opium," an expert said, adding that the main areas of opium production were in the mountains in the west and the north of the country.

Another added however: "That's a very sensitive area for Vientiane." "Because if the fight is not accompanied by serious financial measures for the reconversion of growers, it could aggravate the hostility of a part of this minority already involved with anti-communist guerrillas," he said.

The guerrillas are based in the north of the country near the Thai border. "Since the 1989-90 dry season, there have been the most number of guerrilla attacks in years," said a Western diplomat when asked if there was a direct link between the attacks and the war on drugs.

U.S. Secretary of State James Baker and Laotian Foreign Minister Phoun Sipaseut met in New York on Wednesday and "reaffirmed their determination to boost cooperation... in the anti-drug fight," a Laotion official said.

Mr. Phoun told the U.N. General Assembly that the drug scourge could not be blamed only on producing countries. "Demand is an equally important factor, and the anti-drug fight is a collective responsibility. It requires international cooperation not only in the field of repression, but also in providing financial aid to developing countries for their efforts to promote substitute crops as part of programs of integrated rural development," he said.

Phoumi Vongvichit Receives Kohl's Message

BK0410082490 Vientiane Domestic Service in Lao 0000 GMT 4 Oct 90

[Text] At the Presidential Palace yesterday afternoon, Phoumi Vongvichit, acting president of the Lao People's Democratic Republic [LPDR], received a message from the FRG Chancellor Helmut Kohl, informing him of the reunification of the two Germanys. The message was handed to Acting President Phoumi Vongvichit by Dr. Helmut Arhn, the FRG ambassador extraordinary and plenipotentiary to the LPDR.

The message pointed out certain significant points of the reunification and reaffirmed the relations developed by the two Germanys with Laos. The message emphasized the FRG is prepared to deepen such relations.

On behalf of the Lao Government and people, Phoumi Vongvichit hailed the reunification of the two Germanys, saying the event would create favorable conditions for building and developing the German nation and raising the living standard of the German people. The acting president expressed full confidence that after the reunification, the relations and cooperation between Laos and the FRG will be strengthened further.

Banking Officials Note 'Rapid Development'

BK0410113990 Hong Kong AFP in English 0943 GMT 4 Oct 90

[Text] Vientiane, Oct 4 (AFP)—Authorisation to issue credit cards by the end of the year will be just another step forward in the recent rapid development of Laos' commercial banks, banking officials here say. At the same time, banking activity should be further boosted by the presence of foreign banks, already allowed by law.

"A delegation from the Banque Francaise du Commerce Exterieur is expected here Tuesday to help us set up our credit card system which should be in place by December," said Khemvieng Phonlsena, director of the Lao Foreign Trade Bank.

Mrs. Khemvieng, educated in Vietnam and the bank's director for many years, is fully in tune with the new government policies of economic liberalisation. "Since November, we have had complete freedom vis-a-vis the Central Bank which has allowed us and other banks to make spectacular progress this year," she told AGENCE FRANCE-PRESSE in an interview.

Tiny landlocked Laos currently has four commercial banks—three owned by the state and one a Thai-Lao joint venture—which have been locked in fierce competition since the Central Bank allowed them a free rein within broadly defined general targets.

"This competition is healthy as it has improved customer services and inspired confidence in the public and especially the private sector, which increasingly makes use of us," Mrs. Khemvieng said. "Since the beginning of the year our dollar credits have grown by 168 per cent and our kip credits by 315 per cent," she said, referring to the local currency. "Private sector deposits and borrowing should grow strongly in the coming years as we can offer attractive interest rate within the limits (6.5 to 7.5 per cent) set by the Central Bank," she said.

Mrs. Khemvieng said current business was mostly with neighbouring Thailand but there were also contacts with Japan, Singapore, France and the United States. "In the near future, commercial joint venture banks should be allowed and even completely owned foreign banks will be permitted here," she said.

The Thai Farmers' Bank and the Bangkok Bank have asked to open offices and the Thai Military Bank has had a representative office here since the end of last year. The Manila-based Asian Development Bank has already committed one million dollars to helping Laotian banks expand, Mrs. Khemvieng said, pointing to plans to open provincial branches, computerise services and increase private sector lending.

Philippines

Rebels Seize Mindanao Camp, Alert Declared

HK0410001090 Hong Kong AFP in English 2337 GMT 03 Oct 90

[Text] Manila, Oct 4 (AFP)—The Philippine military went on full alert Thursday, hours after a small group of rebel soldiers seized a military camp in Mindanao island and captured the camp commander, the Armed Forces chief said.

An undetermined number of infantrymen under the Army's 4th division broke into the 402nd Brigade headquarters in the southern city of Butuan at about midnight (1600 GMT) Wednesday, [Armed Forces Chief of Staff] General Renato de Villa said. The rebels, led by an army major, took hostage the brigade commander identified only as a Colonel Galon and cut off communication to higher level command, he said over radio station DZRH here.

He said he did not know if there were casualties in the lightning operation, which occurred hours after the military high command denied local news reports that they have uncovered a new coup attempt against President Corazon Aquino. He said the high command checked the situation in other parts of the Philippines shortly after the takeover, and "so far no other untoward incidents have taken place," he added.

"We declared a red alert last night and warned our field commanders and men to maintain order and prevent a repetition of the Butuan incident to their units," Gen. de Villa said.

The Armed Forces of the Philippines is united except the group in Butuan, and responding correctly to all our orders," he said, and urged the civilian population to remain calm. He said he has ordered commercial flights and shipping to certain parts of Mindanao temporarily stopped.

"This rebellion is a big mistake and could endanger those they are sworn to protect," he said. "This will never be tolerated by the majority of the Armed Forces," he added.

About five hours after the Butuan camp seizure, a bomb exploded at the water pumping station of the Fort Bonifacio Army headquarters in suburban Manila, causing slight damage but no casualties, Gen. de Villa said.

Security men at Manila airport also discovered what appeared to be a bombing attempt of the international cargo terminal late Wednesday. Ordnance expert Sergeant Rodolfo Arayon told reporters a flare signal with wiring and fuse was accidentally discovered when one of the flares popped out of a carton container. He said the device was capable of razing the container terminal of the airport, which lies next to a fuel depot.

Gen. de Villa said the camp raiders appeared to be supporters of fugitive Army Colonel Alexander Noble, a former official of Mrs. Aquino's elite security force who was implicated in a bloody coup attempt against her in December. The military launched an operation involving more than 1,000 men to capture the colonel and his band of armed supporters in his jungle lair in Agusan del Sur south of Butuan last month, but failed to locate him.

The Fort Bonifacio bombing was the 39th in and around Manila since August 13. The government has blamed military rebels for most of the attacks.

Two platoons of infantrymen are involved in the Butuan attack, according to Colonel Nelson Estares, the paramilitary constabulary commander in the southern city of Davao, in an interview over radio station DZRH. A platoon comprises about 30 soldiers.

"We are capable of crushing this (rebellion). We are capable of turning the situation into normal," Gen. de Villa said without specifying what action the military would take.

Personnel Prevent Explosion

HK0410024990 Manila Far East Broadcasting Company in Tagalog 0100 GMT 4 Oct 90

[Text] Ninoy Aquino International Airport [NAIA] security men yesterday prevented a bomb explosion at NAIA's gas depot eight hours after a homemade bomb exploded at the University of Santo Tomas' main building. The bomb, which was supposed to explode at 1700 yesterday, is composed of four dynamite sticks connected to a battery operated detonator. NAIA security men discovered the bomb among the luggage inside the Northwest Airlines cargo warehouse. According to Air Force bomb experts, if the bomb had exploded, it would have destroyed the entire warehouse and the gas depot beside it.

Rebel Forces Await Arms Arrival From Mideast

HK0310105590 Manila PHILIPPINE DAILY INQUIRER in English 3 Oct 90 p 7

[By Fe B. Zamora]

[Text] Rebel soldiers, in tactical alliance with communist insurgents, Moro separatists, disgruntled businessmen and traditional politicians, have chosen Region 6 and Mindanao as the "take-off" points of their "enclave concept" of ousting President Aquino, a military intelligence report said.

The report, which was shown to the INQUIRER, said the joint rebel forces are awaiting the arrival of 10,000 high-powered firearms "from an unidentified country in the Middle East." The report said the weapons were being facilitated by five rebel personalities who attended the rebel conference in Agusan del Sur in July.

The report said the meeting was attended by rebel leaders Gregorio Honasan, Eduardo Kapunan, Alexander Noble, former congressman Ali Dimaporo, opposition leader Reuben Canoy, tribal leaders, ex-politicians and representatives of at least three army battalions in Mindanao.

Recently, the military also monitored the arrival of Tagalog- speaking armed men in Negros Island who were taken into custody by a rich hacendera [owner] with close ties to a former crony of the late president Ferdinand Marcos. The armed men landed in Negros where they were met by the rich hacendera, the report said. The hacendera's name also appeared as a "contact" in one of the documents captured from a rebel officer.

The report said the rebels will launch their "enclave concept"—meaning launching pocket rebellions in selected areas in Region 6 and in Mindanao—with hopes to force President Aquino to buckle down.

The report said the rebels plan to carry out their plans in November or December, after they get their firearms.

The "enclave concept" will include the takeover of government buildings and facilities, but not military camps.

"They are hoping for a bandwagon effect," an intelligence officer told the INQUIRER. He asked not to be identified. He said the plans also called for the participation of rebel returnees, especially in Mindanao.

Meanwhile, President Aquino yesterday directed the military to ensure the protection of civilians in launching offensive operations against the forces of Noble in Agusan de Sur.

"We have always to consider the adverse effects on the civilian populace of military operations against rebels, whether of the left or of the right," Ms. Aquino said. Ms. Aquino issued the directive in response to appeals by residents in three Agusan del Sur towns, where the military has launched an offensive to capture Noble, to stop its operations.

No Injuries Reported in Fort Bonifacio Blast

HK0410025390 Quezon City Radyo ng Bayan in Tagalog 0200 GMT 4 Oct 90

[Text] Nobody was wounded in the explosion at Fort Bonifacio. According to Lulu Ilustre of the office of Armed Forces of the Philippines [AFP] Chief of Staff General Renato de Villa, the water pumping station was destroyed but no further incidents were reported in the camp. Ilustre said around 200 soldiers support Major Agapito Cardinio who led the seizure of the 402d Infantry Brigade headquarters in Bankati, Butuan City with Lieutenant Vicente Batag, Alpha Company commander, and Lieutenant Alan Martin, Bravo Company commander.

Rebel soldiers are not holding hostage Colonel Hercules Galon, commander of the 402d Infantry Brigade headquarters. According to AFP spokesman Colonel Juanito Rimando, Colonel Galon is safe.

Army Official Interviewed on Rebel Actions

HK0410045890 Quezon City Radyo Ng Bayan in Tagalog 0220 GMT 4 Oct 90

[Live phone interview with General Emiliano Templo, Armed Forces of the Philippines Civilian Relations Service chief, by anchorman John Manalili; italicized portions in English]

[Text] [Manalili] Good morning, General Templo.

[Templo] Good morning. Who is this? I am J-7. What is the news?

[Manalili] We received news from our reporters and monitored from Radyo ng Bayan movements in Cagayan de Oro City *involving Colonel Alexander Noble. What is the latest on this, General Templo?*

[Templo] We also monitored the same thing from our side. *But we are having all of these confirmed by our units on the ground and confirmation is very difficult to come by.* It is true that we have received such information and it is under verification. This morning Alex Noble was reportedly sighted in Butuan City. If it is true that he was there at about 0800 then he cannot be in Cagayan de Oro unless he took a plane. This information may be false because earlier he was reported to be in Butuan City.

[Manalili] So you are still verifying this report?

[Templo] Yes we are verifying it because we are receiving all kinds of information *and everything is being verified.* So it may or may not be true.

[Manalili] We would like to ask you if General Manuel Dizon has already reported in Zamboanga.

[Templo] Zamboanga seems peaceful. *As a matter of fact,* the news from Butuan says that the situation there is also peaceful. There are no gunshots. *It is peaceful and quiet. It is just that there are some movements of military units.* These are what we are verifying.

Based on the reports we receive, it is peaceful in Zamboanga *but General Dizon is not taking anything for granted.* He is carrying out some measures which we cannot announce on air because *these are of tactical information.*

[Manalili] *So in summary,* the seizure of the Philippine Army headquarters in Butuan City is confirmed?

[Templo] Yes, the seizure by the elements of the 53d Infantry Battalion of the 402d Infantry Brigade headquarters in Bankati, Butuan City is confirmed. In Cagayan de Oro, *we are still in contact with the division commander and there are reports, as I mentioned, that the convoy has reached the vicinity of Villanueva—I think it is a barangay or a town just about, I do not know how many, kilometers away, but it is outside Cagayan de Oro City.*

[Manalili] Reports claim that Noble went through the blockade in Villanueva town.

[Templo] That is what we are verifying. *If that is so, Villanueva [as heard] is only right at the outskirts of Cagayan de Oro City.*

[Manalili] *Okay, so, what about the other parts of the city or of the country, General Templo?*

[Templo] *So far in other parts of the country there has not been any reported incident or any movement. As a matter of fact we are monitoring closely the situation. The commanders of the area command in the Visayas, in Southern Luzon, and in Northern Luzon has supported. We are monitoring them and they are reporting to us every hour on the hour. And they have informed us that nothing, no incident happened since this morning up to the present.*

[Manalili] General Templo, since we are also monitoring the reports, we learned that there is no confirmation yet whether there are any casualties during the takeover of the military camp in Butuan City. But other radio stations claim that there are 10 marine casualties.

[Templo] I would like to deny this report because there were no shots that took place at the 402d Infantry Brigade and there were no reports of fighting anywhere in the area. So this is not true and you can verify this from other sources. *There has not been any fighting in that part of the province.*

[Manalili] General, we also learned that former Colonel Alex Noble was on the air in Cagayan de Oro on several radio stations, particularly DXZZ, owned by RMN [expansion unknown] of the Canoy family. *Have you gotten any word about that?*

[Templo] *I have not heard it but it is possible that if there was any airing at all by any local radio stations in Cagayan de Oro or in Butuan City,* it could be a recorded message which would make people believe that he is there. *As a matter of fact, I was talking to a network manager in Manila and he told me that the radio stations in Butuan were closed down by Colonel Noble as of 0800 today.* It is possible that they do not have any broadcast in that area. But we will verify the report in Cagayan de Oro.

[Manalili] Regarding the news of two days ago and yesterday, rebel soldiers plan to attack three cities. Based on the reports we have received, two cities are affected. What is the third city they might takeover?

[Templo] Regarding the propaganda they released *about two days or three days ago,* Davao City is included. *But as of now, Davao City is under the control of the division commander there. Cotabato City is also under the control of the division commander.* The incident in Butuan could be an isolated case, including that part of Misamis Oriental.

[Manalili] *Will you please help us explain this to our people?* What are the implications, militarily speaking? *Is this a diversionary tactic for a bigger thing* based on the movements of the mutninous soldiers?

[Templo] John, whatever I say on the matter *would be speculative. And I would not want to venture on that. Suffice to say that we are keeping the situation, we are monitoring the situation, and we are doing our best to nip in the bud any problem that might erupt in any other part of the country. So far we have been able to isolate the problem in that area, in Butuan and in Misamis Oriental.*

[Manalili] *When you say isolate,* this is an active word, *does this mean a military operation is on against these mutineers?*

[Templo] *Yes,* on the ground level there is already the so-called blocking or blockade. We are in control of the road connecting Davao City to the other parts of the region. *It is only that road connecting Butuan and Cagayan de Oro, but beyond that they cannot hope to penetrate.*

[Manalili] *Would you have any other word to our listeners over Radyo ng Bayan* before we thank you at this stage?

[Templo] *So far I would like to state here that the situation in Mindanao has been localized in the area of Agusan and Misamis Oriental. And as of the present the headquarters that has been taken over by the forces under ex-Colonel Noble is only the headquarters of the 402d Infantry Brigade and the other elements of the 402d Infantry Brigade are still intact and we are monitoring the situation very carefully.*

John, every hour on the hour we can inform you about the latest developments so you can update the people and allay their concerns and that they can proceed with their normal daily activities.

[Manalili] *We have cancelled all our planned broadcast programs for today in order to give way for any announcement from the military and civilian officials with regards to this development in Mindanao, General Templo.*

[Templo] Yes, thank you John, If we have new information which the people should know immediately, we will call you. Just leave your line open so we can reach you immediately.

[Manalili] Thank you.

Aquino Condemns Rebel Attack on Butuan Army

HK0410034490 Quezon City Radio Ng Bayan in Tagalog 0245 GMT 4 Oct 90

[Speech given by President Corazon Aquino at Malacanang's Heroes' Hall while handing out government "Tulong sa Bayan" (help the nation) bonds—live in English—italicized portions in Tagalog.]

[Excerpt] [Passage omitted] I think that all of you are aware of what happened last night in Butuan City, and I would like to use this occasion to issue my statement with regard to what happened last night in Butuan City. The 403rd Army Brigade headquarters in Butuan City was overcome by two companies of the renegades led by Colonel Noble last night. This incident is being stage-managed by the RAM [Reform the Armed Forces], YOU [Young Officers' Union], and MIM [expansion unknown], and they are hoping to escalate it.

I am therefore calling once again on the people to rally against these troublemakers. This morning I met with the leadership of both houses of Congress, and I called upon them to help me in rallying our people against these troublemakers.

We are asking you today to help us rally your various constituencies against this incident, and let me be precise. The Constitution will be upheld with force when challenged with force. Our troops nationwide remain faithful to their solemn pledge to support and defend the Constitution. Adventurism and violence are no substitute for the people's will, freely expressed in an election. Time and again I have said that those people who want to assume power cannot just grab power. They have to face the people, they have to ask the people for their support and they have to get the mandate of the people. After all, this is what a democracy is all about.

We shall normalize this situation in due time and we are ready to use every resource of government against those who seek to destroy our democracy in any part of our land. I think that because of the unsuccessful coup attempts here in Metro Manila, perhaps the enemy has decided that it is best to pursue their objectives outside of Metro Manila. But I know that you and I will continue to defend our democracy.

Perhaps it is fitting that today, when I asked you to support the Tulong sa Bayan bonds, I again ask you to stand up for our democracy, to defend our Constitution and to give all the necessary support to the government and especially to your elected officials. I know that I can count on your support; after all, this involves each and every one of us. We cannot allow our democracy to die, and it is only with your help that I know that those enemies of ours will never succeed because no one can succeed in this country without the support of the people.

So I am asking for your help, and I request you all to please say clearly that you are condemning the violence that our enemies are perpetrating, and I ask each of you to stand up for our Constitution and for our democracy. Thank you very much.

Catholic Bishops Reject Mindanao Armed Uprising

HK0410075590 Quezon City Radyo Ng Bayan in Tagalog 0300 GMT 4 Oct 90

[Statement by Bishop Ted Bacani, chairman of the Catholic Bishops Conference of the Philippines—live; italicized portions in English]

[Text] I would like to tell the rebel soldiers the CDCP's [Catholic Bishops Conference of the Philippines] stand in which I am the public affairs committee chairman.

The CDCP's position is that this present administration by President Corazon Aquino is the legitimately constituted authority and we are in opposition to and against the armed takeover against this government. If we want to replace this government, we will replace it in a constitutional way.

The bishops reject the overthrow of this government through armed means. This was clearly stated by the Catholic Bishops Conference of the Philippines in an appeal after the December 1 coup attempt. This is still valid.

I want to call on the soldiers who are fighting against the government in Mindanao to think about what they are doing; whether their activity construes the will of the Lord.

I would like to make a call to the soldiers in Mindanao, who apparently have launched an armed uprising, some of them, against this government—those who have gone against this government in armed uprising—I just like to appeal to them, in the name of the Catholic Bishops Conference of the Philippines stand which it had made previously and which remains valid up to now, that the administration or the government of President Corazon Aquino is the legitimately constituted government and the Catholic Bishops Conference of the Philippines is against any armed takeover against this government—any armed uprising against this government. If we should change our government, let us do this through consitutionally accepted means and not through this means—armed means, which the Catholic Bishops Conference of the Philippines rejects. And I would like to ask the soldiers to think whether what they are doing against this government in armed uprising is truely for the good of the people.

Here in Manila specially, we have rejected such a thing and I would like to tell them that the people will not cooperate with them anyway. God forbid the takeover of the government.

More on Rebel Military Capture of Military Camp

HK0410035990 Hong Kong AFP in English 0311 GMT 4 Oct 90

[Text] Manila, Oct 4 (AFP)—A top rebel military officer Thursday declared a "war for the liberation" of the southern island of Mindanao after his followers seized a military camp in Butuan City, a radio statio reported here.

Colonel Alexander Noble made the declaration as he led a column of two armored personnel carriers and 10 military trucks around Cagayan de Oro's streets, a city east of Butuan City, DZRH radio said in a live broadcast.

The camp seizure and capture of the brigade commander late Wednesday was the first open rebellion against Philippine President Corazon Aquino since a December coup attempt.

The Armed Forces went on full alert while a small bomb exploded inside the Army headquarters in Manila.

Air and sea travel to the northern part of Mindanao were suspended as a precaution against possible hostage-taking attempts, military officials said.

Armed Forces Chief General Renato de Villa said an undetermined number of soldiers from the 53rd infantry battalion of the 4th Army division seized the 402nd Brigade headquarters in Butuan City at about midnight (1600 GMT) Wednesday.

He said in a nationwide radio broadcast at dawn Thursday that the rebels captured the brigade commander, identified as Colonel Hercules Galon, but other military sources later said the officer was able to escape.

But Butuan residents contacted by telephone here said about 200 rebel soldiers took over the camp and demanded that the Armed Forces end a current operation aimed at capturing Col. Noble.

In the interview aired over DZRH radio Thursday, Col. Noble said: "This is the heartbeat of Mindanao. I believe the other regions of the country will also follow suit.

"The war for the liberation of Mindanao has started when they started operations against me," he added.

The station said there was no evidence of police or military presence in the streets.

The rebels, led by 53rd infantry battalion executive officer Major Agapito Cerdeno and Lieutenant Vicente Mauro Batac, met with some resistance and there was a firefight, but there were no reports of casualties, the sources added.

A paramilitary constabulary official in Davao City, south of Butuan, said about two platoons, which in military terms comprise about 60 men, were involved in the attack.

Gen. de Villa confirmed that the attackers appeared to be supporters of Col. Noble, a former official of Mrs. Aquino's elite security force who was implicated in the December putsch.

He said there was no evidence of mutiny in other areas of the country.

The military launched an operation involving more than 1,000 men to capture the colonel and his band of armed supporters in his jungle lair in Agusan del Sur south of Butuan last month, but failed to catch him.

President Aquino convened an emergency meeting of security advisers early Thursday, spokesmen said, as Gen. de Villa vowed to "crush" the rebellion at the shortest possible time. He gave no specific measures taken by the military to end the mutiny.

The attack was launched hours after the military high command denied local news reports that they have uncovered a new coup attempt. Mrs. Aquino has survived six destabilisation and coup attempts in her four years in office.

"We declared a red alert last night and warned our field commanders and men to maintain order and prevent a repetition of the Butuan incident," Gen. de Villa said.

He said he has ordered commercial flights and shipping to certain parts of Mindanao temporarily stopped.

"This rebellion is a big mistake and could endanger those they are sworn to protect," he said. "This will never be tolerated by the majority of the Armed Forces," he added.

About five hours after the Butuan camp seizure, a bomb explosion damaged a water pumping station of the Fort Bonifacio Army headquarters in suburban Manila, causing slight damage but no casualties, Gen. de Villa said.

He said he could not say if the bombing was related to the Butuan attack, which was preceded by bombings in and around Manila. The blasts, which caused little damage, was blamed by the government on rebel soldiers and communist guerrillas.

Chief of Staff de Villa Speaks on Mindanao

HK0410062390 Manila DWIZ Radio News 882 in Tagalog 0400 GMT 4 Oct 90

[News conference by Armed Forces chief of staff General Renato de Villa, held at the Officers Club in Camp Aguinaldo, Quezon City—in English; recorded; italicized portions in Tagalog]

[Text] [De Villa] I wish to inform our people and you, the ladies and gentlemen of our media, that on or about 11:30 to 12:00 [1530 to 1600 GMT] last night elements of the 53rd Infantry Battalion of the Philippine Army took control of the headquarters of the 402d brigade of the 5th division of the Philippine Army in Makati, Butuan City.

There was no reported exchange of fire or casualties.

Colonel Hercules Galon, the commanding officer of the 402d brigade of the 81st brigade, himself called the headquarters on the way to Cagayan de Oro, and was intercepted by heavily armed men and believed to have been captured and taken hostage.

Presently, ex-Colonel Noble is reported to be in Cagayan de Oro City in conference with certain civilian leaders, principally Mr. Reuben Canoy of the Mindanao Independence Movement.

There are no other reported incidents in other parts of Mindanao or in the rest of the country up to this time. And Armed Forces units in all places, including those of the areas of responsibility of the Southern Command, have pledged and have given their support to the Constitution, to the duly constituted authorities and the chain of command of the Armed Forces of the Philippines.

All our said commanders in the affected areas, except those who joined ex-Colonel Noble, have pledged their total support to our Constitution, to the government, and to our chain of command in the Armed Forces.

I have declared a red alert across the country affecting all units of the Armed Forces of the Phlilippines as well as the PC-INP [Philippine Constabulary-Integrated National Police].

Also we have requested PAL or the Philippine Airlines to suspend flights to Surigao, Iligan, Butuan, Cagayan de Oro City.

We have likewise requested the shipping companies to suspend for the meantime, trips either to or from their ports in Northern Mindanao, specifically again Surigao, Butuan, in Nasipit in Iligan, and in Cagayan de Oro.

We would like our people to remain calm and avoid transmitting unverified information or wild rumors as this will only confuse situation and create anxiety among our peace loving citizens.

Ladies and gentlemen, *my fellow countrymen*, your Armed Forces of the Philippines is intact and will do its job and accomplish its mission as mandated by the Constitution.

The Armed Forces of the Philippines pledges its full support to the government, our Constitution, and our republic. As far as we can see it, Noble and his civilian friends have a political objective, as we have learned in the past, and that is the declaration of the independence of Mindanao from the Republic of the Philippines.

We cannot allow this and we will not allow this and we will take whatever is necessary to prevent this from happening.

We assure our people of the loyalty of your Armed Forces to our Constitution, to our government, to our duly constituted authority and to the chain of command of the Armed Forces of the Philippines.

That ladies and gentlemen is my statement to you this morning.

We are keeping our forces that would be necessary to roll back the forces of Noble and normalize the situation in the cities affected which are Butuan and Cagayan de Oro.

[Reporter] How many military camps have been taken by Noble.

[De Villa] So far as we know, it is only the camp in Butuan City that has been taken over. Our headquarters of the 4th infantry division in Camp Evangelista in Cagayan de Oro City is in the hands of Brigadier General Mike Tol and he is defending it. The PC-INP camp in Cagayan de Oro City, Camp Alagar, under Brigadier General Peralta is now being controlled by Colonel Adiong, the deputy. It is also fully defended and under our control.

[Reporter] How about the headquarters in Misamis Oriental, sir?

[De Villa] The PC-Misamis—the PC headquarters in Misamis Oriental has not been taken over.

[Reporter] [passage indistinct]

[De Villa] The elements of the citizens IB [infantry brigade] which number as we have estimated it, as reported to us, some 200 rebel soldiers led by Noble and three junior officers, are in Cagayan de Oro City now along with some civilians who apparently are politically supporting them.

We will neutralize them and normalize the situation in due time.

[Reporter] May we know who these junior officers involved are?

[De Villa] The junior officers that we have identified who are with him so far are: a certain Major Agapito Sandenio of the Philippine Army, the executive officer of the battalion; a certain Lieutenant Marquez and a certain Lieutenant Batac.

Initially, ladies and gentlemen, Noble and his forces were able to take over two helicopters in Butuan City: one Sikorsky gunship and one Huey multipurpose or general utility helicopter.

We have conducted an air strike in Iligan City where we located the helicopter—the Sikorsky helicopter and the Huey helicopter had been destroyed on the ground. We are still looking for the other helicopter and we have mobilized our air forces to dominate the air, so that Noble will not be able to take advantage of any air access of the Armed Forces.

[Reporter] Is there any casualty in the air strike?

[De Villa] I have talked to General Naling immediately before coming here and he said that the helicopter is destroyed and he has not seen any casualties so far. The helicopter was unfortunately piloted by Lieutenant Panelo, the one who was involved in the 1989 coup attempt and who has somehow been able to go to Mindanao.

I am very proud to announce to everybody that all our pilots in the Air Force have remained loyal and actually refused to fly the helicopters when they were taken over in Butuan City this morning. And our pilots are now dominating the air, using T-28 Tora Tora aircraft, [word indistinct] helicopter and our own transport aircraft in building up our forces in that area.

[Reporter] Sir, what about the report that you have ordered the relief of General Tol?

[De Villa] This is not correct. I have not ordered the relief of General Tol. I have ordered him to control his camp and defend his position at all cost.

[Reporter] Did you order a naval blockade around...?

[De Villa interrupts] I have requested all shipping companies to please avoid voyages or trips to Northern Mindanao ports and to prevent any of their ships from getting out of the area until the situation is normalized. The Navy will intercept any shipping out of Northern Mindanao towards Luzon or towards the Visayas.

[Reporter] Sir, what about the situation in Surigao?

[De Villa] We have not heard of any disturbance in Surigao and as far as we know situation there is normal.

[Reporter] [passage indistinct]

[De Villa] We have not heard of any demand. They are only a very small force of some 200 men plus some CAFGUs [Citizen Armed Forces Geographical Unit]. And all we know is that they have linked up with the Mindanao Independence Movement and their political objective is to declare the independence of Mindanao. I repeat to our people: We cannot allow this to happen. We will not allow this to happen. We will take whatever is necessary to prevent this from happening.

[Reporter] [Passage indistinct]

[De Villa] I said we will take whatever is necessary to prevent any dismemberment of this republic.

[Reporter] Reportedly there are some unusual assembly movement of troops in the country. Is there an indication that there might be some elements in the [words indisticnt] in Metro Manila.

[De Villa] The overall plan, ladies and gentlemen, of the RAM- SFP-YOU [Reform the Armed Forces Movement-Soldiers of the Filipino People-Young Officers Union] who are behind this and their political supporters is to trigger abnormal situation in the Visayas and here in Luzon. And this is the reason why I am calling on all of our commanders in the field to be fully prepared and immediately repeal this situation decidedly anywhere, where the situation occurs.

The Armed Forces commander in Northern Mindanao is still General Tol. He is assisted by Brigadier General Peralta and all other subordinate commanders in the area.

[Reporter] Sir, have you possibly identified other forces, communist forces...?

[De Villa] We have information that is yet unverified that Mayor Magtahas has also joined the group of Cabanatuan City or of Cagayan de Oro City. I'm sorry. Cagayan de Oro City.

A certain Mayor Magtahas has been reported. I would like to underscore this. We have only received it as reported. We have no verification of this yet. But after reasonable verification, we will fully identify him as having joined the rebel forces.

[Reporter] Where is Noble now?

[De Villa] He is right now in Cagayan de Oro City, conducting a conference and possibly preparing his next move.

[Reporter] Sir, are there any negotiations?

[De Villa] We have not participated in any negotiation as of this time.

[Reporter] [Passage indistinct]

[De Villa] Ali Dimaporo is somewhere I do not know. But no movement of Ali Dimaporo's followers has been made and we are confident that the pledge of Sultan Ali Dimaporo not to go against the Armed Forces, not to go against the governemnt in violence or by force will be kept true by him. I do believe that he will keep his words because he is loyal to the republic.

[Reporter] [Passage indistinct]

[De Villa] We have not detected any movement of MNLF [Moro National Liberation Front] forces in the area.

[Reporter] [Passage indistinct]

[De Villa] We have not received any report of any other public official who have joined Noble's group.

[Reporter] [Passage indistinct]

[De Villa] There is no fighting going on. We believe Noble is down there in Cagayan de Oro City with his civilian friends and his comrades. But the camps are secured and the airport is secured. We are taking necessary measures to normalize the situation and solve this.

[Reporter] [Passage indistinct]

[De Villa] I am sorry I cannot tell you that because that really is not very material to our military operations.

[Reporter] [Passage indistinct]

[De Villa] We have not identified any others but [words indistinct]. We will try our best to normalize the situation as we can.

Rebels Reportedly Control Butuan Air, Sea Ports

HK0410054090 Hong Kong Commercial Radio in English 0430 GMT 4 Oct 90

[Text] Renegade Colonel Alexander Noble has marched into the southern Philippine city of Cagayan de Oro at the head of a column of right-wing rebels, proclaiming the war for Mindanao is on. Reports are coming in of fighting elsewhere on the island and, in Manila, the government has vowed to crush the rebellion. (Ronny Nathaniels) reports:

[Begin recording] The rebel troops under former Presidential Security Command chief of staff Colonel Alexander Noble have taken over the southern Philippine cities of Butuan and Cagayan de Oro, and are reportedly moving forces in the neighboring province of Bukidnon. Both the airports and the sea ports at Butuan and Cagayan are under rebel control, forcing a cancellation of all commercial flights and inter-island shipping in the south. Two unidentified World War II Tora-Tora planes bombed the Philippine army camp at Iligan City about 80 kilometers from Cagayan de Oro, but there were no indications whether the attack was launched by government forces or the rebels.

President Aquino vowed to use the full forces of the military to crush this latest attempt to overthrow her government. This is (Ronny Nathaniels) in Manila for Commercial Radio News, Hong Kong. [end recording]

Muslim Region Governor Statement on Situation

HK0410065390 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 0635 GMT 4 Oct 90

[Statement by Regional Governor Candao on the situation in his area of jurisdiction, the Autonomous Region in Muslim Mindanao—in English; live or recorded]

[Text] We have been holding normal operations for the past several days and as far as the situation here is concerned, I am glad to inform everybody that we are on top of the situation and in full control of the situation.

Today, I have met with high-ranking military commanders, both from the Army and the PC [Philippine Constabulary], and all of them assured me that they will stand foursquare behind President Aquino. I have met with Colonel Nazareno, the brigade commander of 603; the chief of staff of 6th IB [Infantry Battalion], Colonel Belleza and Colonel Dios; and Colonel Olama of the comdiscom [expansion unknown]. All of them have pledged their support to the Constitution, to duly constituted authorities, and the president.

Negotiations With Rebel Noble Reportedly Ongoing

HK0410073990 Quezon City Radyo Ng Bayan in Tagalog 0645 GMT 4 Oct 90

[By Tanny Rodriguez—italicized portions in English]

[Text] We want to share with our listeners a number of confirmed reports or the latest reports received by Malacanang through the Office of the Presidential Spokesman and legal adviser Adolfo Azcuna. Here are updated reports on the Cagayan de Oro incident as of 1:30 [0530 GMT] pm today.

Reports that are relayed by the PMS [expansion unknown] regional field office in Cagayan de Oro City state that renegade Colonel Alexander Noble was allowed to enter the Camp Evangelista headquarters of the Philippine Army 4th Infantry Division and minutes after negotiations began with Brigadier General Miguel Sol. Other parties involved in the negotiations were not immediately known.

Early this afternoon, former Cagayan de Oro City Mayor Ruben Canoy, *leader of the Mindanao Independence Movement was still visible outside the Evangelista camp.*

Senator Aquilino Pimentel Jr's arrival in Cagayan de Oro was also confirmed. However, it is not yet confirmed if he has been allowed to enter the camp for the negotiations. We also want to mention that our colleague Roger Lagasca is with the group of Senator Pimentel Jr, whose arrival in Cagayan de Oro City has been confirmed. Malacanang is waiting for reports on the negotiations which will take place between Brigadier General Sol and renegade Colonel Alexander Noble.

Meanwhile, *in a telephone conversation, Colonel Percival Adiong, the deputy Constabulary regional commander for operations,* denied some reports that the Philippine Constabulary did nothing to prevent the entry of Noble and his followers into Cagayan de Oro. Adiong said that Noble's followers removed blockades and had *set up civilian volunteers along the national highway leading to the city.* Adiong said that *they were not able to prevent Noble's followers because the group was quite big for them to handle.* Noble's force was larger than the Cagayan de Oro force. This was why Noble's force was able to enter Cagayan de Oro.

Colonel Adiong also confirmed that only one Sikorsky helicopter was providing air support for Noble and his followers.

Meanwhile, Mayor Pablo Magtahas clarified that the situation is generally normal, apart from the present mass movement in Camp Evangelista.

According to reports gathered by the field staff in the area, it is said that nearby provinces, like Bukidnon, are generally peaceful. Roads on the eastern and western sides of Iligan City have been blocked by forces loyal to the government to prevent the entry of Noble's sympathizers to the area.

Efforts to contact military officials in Butuan and Iligan Cities as well as Army officials of the 4th Infantry Division via military phone from Manila proved futile. In other words, it is impossible at this point in time, despite failed efforts to communicate with military officials in Butuan and Iligan Cities and some army officials of the 4th Infantry Division, *even through military phones.*

All PC-INP Units 'Accounted for, Intact'

HK0410080990 Quezon City Radyo ng Bayan in Tagalog 0750 GMT 4 Oct 90

[By Jim Belasano from Camp Crame]

[Text] The PC-INP [Philippine Constabulary-Integrated National Police] command groups under PC-INP chief Major General Cesar Nazareno continue to coordinate with all the regional commanders nationwide regarding the conflict in Butuan City.

According to PC spokesman Colonel Cris Maralit, all the PC-INP units nationwide are accounted for, intact, and loyal to the chain of command.

Major General Nazareno has ordered all the PC-INP units around the country to stay put in their posts and continue to provide public safety services to the residents in their areas. He also ordered all PC-INP regoinal commands, provincial commands, and police stations around the country to maintain maximum tactical readiness.

Central Visayas Command on Aquino Government Side

HK0410084390 Quezon City Radyo Ng Bayan in Tagalog 0800 GMT 4 Oct 90

[Text] The Central Visayas command chief assured that all the military and police units in the area are on the Aquino government's side. The assurance was issued by Central Visayas Command Chief Romeo Zulueta who also said the Armed Forces in the region are now on alert. He asserted they are prepared for any trouble and assured that what is happening in Mindanao will not reach the Visayas.

Cardinal Sin Urges People To Support Government

HK0410085190 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 4 Oct 90

[Statement by His Eminence Cardinal Sin; place and date not given—live or recorded]

[Text] My dear countrymen, our nation is once again facing another crisis. God's gift of peace and tranquility is being challenged once again by some misdirected members of our citizenry.

I am appealing to all our peace-loving countrymen to close ranks once again behind our duly constituted authorities. We must never, never support the selfish dreams of the rebel soldiers. The only way to peace is peace. Peace cannot be achieved by violence. Peace cannot be achieved by violating the laws of the land. The perpetrators of this rebellious act in the southern Philippines are evidently misguided and misled.

I am praying to the Lord to touch their hearts and make them recognize the gravity of such acts of aggression. Let us pray to the Lord of peace to restore peace to our land.

Thank you.

Marines Deployed at Manila's Strategic Points

HK0410090390 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 4 Oct 90

[By Eloi Aquino from Camp Aguinaldo]

[Text] We have learned today from the Philippine Marines that combat troops have been deployed at Manila's strategic points and in other parts of the country.

Brigadier General Eduardo Cabanlig said the deployment of the combat-ready troops is part of the psy-war against the rebel soldiers. He also said there was a security briefing for marine officers to prevent misinformation and all orders will come from the higher headquarters. General Cabanlig asserted there are no Marines involved in the incident in Butuan City.

Also here in Camp Aguinaldo, all the tanks—the V-150's, the APC's—are all ready. The same is true at Fort Bonifacio.

Colonel Ponce Milleno, the chief of staff of the Philippine Marines, stated that despite the incident in Butuan, the situation in Fort Bonifacio is normal. The same goes for Camp Aguinaldo and Camp Crame. Colonel Milleno also said they are enforcing some security measures and had tightened security inspection in all military camps around the country.

Aquino Ready for Force Against Rebel Soldiers

HK0410091390 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 4 Oct 90

[By Dick Sinchongco]

[Text] Malacanang today confirmed that military action will be enforced in Butuan City, where a military uprising is in progress. The president said she is waiting for reports from government officials who went to Cagayan de Oro City and from that city in order to study and assess the situation. In an ambush interview, the president explained:

[Begin recording in English in progress] [Aquino] ...Senator Pimentel direct to Davao, together with the other senators and congressmen who will proceed to Cagayan de Oro to see what is happening there.

[Reporter] So, there is no military action yet.

[Aquino] There is no military action. [end recording]

Malacanang continues to monitor the developments in Mindanao and the president stressed the government is prepared to use force if the Constitution is challenged by the rebel soldiers through violence.

Military Secures Domestic, International Airports

HK0410092790 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 4 Oct 90

[Text] The Manila Domestic Airport and the Ninoy Aquino International Airport are presently under tight security by military elements including the elite Philippine Marines. Although operation of the country's two major airports is proceeding as usual, the tight security in these two places is very evident.

Rebels Declare Mindanao 'Independent Republic'

HK0410082390 Hong Kong AFP in English 0808 GMT 4 Oct 90

[Text] Manila, Oct 4 (AFP)—The rebel military underground here Thursday [4 October] declared the southern Philippine island of Mindanao an independent republic following a military mutiny in two key cities.

Rebel organizations "have established the free and sovereign Federal Republic of Mindanao," a statement sent to news agencies here said.

The groups were identified as the Military Organization of Mindanao (KKK), the Reform the Armed Forces Movement (RAM), the Soldiers of the Filipino People (SFP) and the Young Officers Union (YOU).

The statement said an "executive-legislative consultative council" was "exercising governmental functions" on the island before its reunion with a federal Philippine republic.

Similar statements were sent to diplomatic missions here and signed by politician Reuben Canoy and rebel army colonel Alexander Noble, the leader of an ongoing military rebellion in Mindanao, diplomatic sources said.

President Corazon Aquino said the rebels seized a military camp in the southern city of Butuan and were deployed in the nearby city of Cagayan de Oro Thursday, but that the Armed Forces was in control of the situation.

She said the mutiny involving several hundred soldiers was instigated by RAM, which launched bloody coup attempts against her in 1987 and 1989.

Philippine Rebels Form Consultative Council

OW0410092090 Tokyo KYODO in English 0859 GMT 4 Oct 90

[Text] Manila Oct. 4, KYODO—Rebel Philippine soldiers declared the formation of a Consultative Council in Mindanao Island on Thursday, while President Corazon Aquino appealed for support against their mutiny which appeared to signal a fresh attempt to overthrow her government.

"This is the first concrete step of a great historical process toward realizing a federal-parliamentary form of governance for the entire Philippine archipelago," said a statement purportedly from the rebels.

The statement said the council has executive and legislative powers.

Rebel Commodore Domingo Calajate issued the statement distributed to news agencies in Manila.

President Aquino said rebel troops headed by fugitive Army Col. Alexander Noble occupied at dawn an Army brigade headquarters and other government installations in Butuan, 780 kilometers southeast of Manila.

Noble, the former deputy chief of Aquino's security battalion, later led a rebel column into Cagayan de Oro, some 100 kilometers west of Butuan, where he urged civilians to support the uprising.

"I am calling once again on the people to rally against these troublemakers," Aquino said in a message broadcast over nationwide radio.

"We shall normalize the situation in due time and we are ready to use every resource of government against those who seek to destroy our democracy in any part of the land," she said.

She said the mutiny is led by renegade officers identified with cashiered Army Col. Gregorio Honasan who also led the last two coup attempts against her government.

Armed Forces Chief of Staff Gen. Renato de Villa told a news conference that the mutineers captured two helicopters when they took over Butuan's Bancasi Airport.

He said one of the helicopters, a Sikorsky gunship, was destroyed on the ground in Iligan, west of Cagayan de Oro, by government T-28 planes.

In another development, the military reported that a T-28 plane crashed off Cebu Island, the central Philippines, killing its pilot who flew a reconnaissance mission over Cagayan de Oro.

De villa disclosed that rebel troops recaptured Col. Hercules Galon, commander of the 402 Army Brigade after he escaped from the mutineers who overran his command headquarters in Butuan.

The Armed Forces chief, however, expressed confidence that loyalist troops will crush the mutiny, the fourth attempt by renegade officers to overthrow Aquino since they played a key role in putting her to power in 1986.

"We cannot allow this and we will not allow this and we will take whatever is necessary to prevent this from happening," De Villa said. "We assure our people of the loyalty of your Armed Forces."

Radios Warned Against Provoking Statements

HK0410093990 Manila Manila Broadcasting Company DZRH in Tagalog 0900 GMT 4 Oct 90

[Statement by Josie Lichauco, undersecretary of the Department of Transportation and Communications and current commissioner of the National Telecommunications Commission—live, in English]

[Text] I am making a strong directive to all the radio stations throughout the country, especially those in Butuan City, Iligan, Cagayan de Oro, and the northern Mindanao area, not to make utterances or statements in any way inciting the people to sedition, insurrection, rebellion, or the taking up of arms to overthrow our duly constituted democratic government. If this is transgressed, the force of the law through lawfully provided sanctions will be taken against them. Their operations can legally be summarily suspended and closed. All radio stations must close ranks and cooperate to preserve the integrity of our democratic institutions. I repeat: All radio stations must close ranks right now and cooperate to preserve the integrity of our democratic insitutions.

Negotiations With Rebel Colonel Reportedly Fail

HK0410104590 Quezon City DZBB Radyo Bisig Bayan in Tagalog 1000 GMT 4 Oct 90

[By Joe Felicilda of GMA-7, Cagayan de Oro City—italicized portions in English]

[Text] Colonel Noble remains inside the camp since the negotiations with General Sol failed this afternoon because *when Colonel Noble went inside the conference room of the 4th Infantry Division [ID],* General Sol was no longer there. Only the chief of staff of the 4th ID, Colonel Plaridel Obrique, spoke to Noble. *And following the failed negotiations between Noble and Gen. Sol, a thanksgiving mass was said inside Camp Evangelista at the city, with Noble himself together with his men and a considerable number of sympathizers.*

After the mass, Noble has been reported to have presided in a command conference with some junior officers of the 4th Infantry Division.

Gen. Sol's whereabouts are currently unknown; some believe he went to Iligan City.

Camarines Sur Commander Says Situation 'Peaceful'

HK0410121390 Quezon City Radyo Ng Bayan in Tagalog 1120 GMT 4 Oct 90

[Interview with the provincial commander of Camarines Sur, Colonel Menardo Beltran, by Arthur Israel and anchormen Vic Morales and Ed Padua, on the Mindanao crisis—live; italicized portions in English]

[Text] [Israel] May we know the precautionary measures you have taken in relation to the crisis in Butuan City?

[Beltran] From the time we received the report from the top leaders, we have secured all the *different strategic places in Camarines Sur and we are undertaking this jointly with the elements of the 201st Philippine Army brigade* which is also based here in our province. At present, there are no unusual incidents or any unauthorized military movements in our province, and we continue to monitor and secure our vital installations, which may be destroyed by military adventurists, if there are some in our area.

[Israel] Colonel, would the New People's Army [NPA] here in Camarines Sur not exploit the situation?

[Beltran] From past experience, *they always adopted that wait-and-see attitude and* they look at the developments. At present, I can say that they may take advantage of the present situation, but I want to assure our countrymen here that aside from this undertaking, our counterinsurgency operations are still continuing, particularly in *railroad towns* and in the mountainous area of Caramoan Peninsula. I am sure they would not come down here in the lowlands to create instability. We are able to contain this in the mountains of Camarines Sur.

[Israel] Colonel Beltran, it was reported last month that the next coup d'etat will be launched in Bicol because Gringo Honasan is a Bicolano. Has the group of Honasan been here to visit your command?

[Beltran] There were reports in the past that some of his men passed through here and might have proceeded to Sorsogon in an effort to recruit men along the way. But what I can say is that there is nothing to worry about in Camarines Sur. Maybe this thing will happen in other parts of the Bicol region, but based on intelligence reports, we could not see any indication that a coup will start here in Camarines Sur.

[Israel] What is your group's stand concerning the problem now?

[Beltran] *Well, we are maintaining strong support to the government and loyalty to the present dispensation and this is a joint pronouncement with Colonel Victor Mayo, the brigade commander of the 201st brigade based in Pili, Camarines Sur,* in that we are united in defending this government against the military adventurists. And I appeal to our countrymen to support us by giving us any information that may be useful to us by calling up our number 216131 or 56244 or report to the nearest police station, which would take the step of informing us because the earlier we receive this information, the sooner we can go on with any step we think is necessary to face the problem.

[Israel] Colonel, our anchormen in Manila, Vic Morales and Ed Padua, want to ask you some questions. Ed, go ahead.

[Ed Padua] We just want to know what the general peace and order situation is there in Camarines Sur.

[Beltran] Well, generally, the situation here is peaceful. No untoward incidents have taken place here in the past 24 hours.

[Ed Padua] Thank you.

Aquino on Attempts To 'Exaggerate' Insurrection

HK0410122790 Quezon City Radyo Ng Bayan in Tagalog 1200 GMT 4 Oct 90

[Statement by President Corazon Cojuangco Aquino at Kalayaan Hall, Malacanang Palace—live, in English]

[Text] My countrymen: There is an attempt to sensationalize and exaggerate today's incident involving the takeover of a camp in Bangkati near Butuan City and the forced entry into Camp Evangelista in Cagayan de Oro City.

The situation in Butuan City is normal without any casualties, although some of Noble's mercenaries remain inside the camp. The weather there is inclement and no other movements are occurring.

The Sikorsky helicopter taken by Noble has been neutralized by an attack carried out by our Tora Tora planes.

In Camp Evangelista, Noble has yet to be in touch with the camp commander General Miguel Sol, who has avoided contact.

Contrary to disinformation regarding Cagayan de Oro Mayor Magtahas and Misamis Oriental Governor Emano, both have renewed their condemnation of the acts of Noble and Canoy and reiterated their support for our constitutional government and processes.

Davao Provinces' Governors Cagas, Amatong, and Lopez, and autonomous region Governor Candao have likewise pledged their support, together with Mayor Duterte of Davao City.

The mayors of Agusan del Norte, according to Senator Guingona, have indicated they would rather resign than cooperate with the rebels.

Colonel Manuel Salimbangun, regional commander of Region 11, has forcefully asserted his support for the Constitution and the protection of the people of Davao.

It is necessary that the populace does not fall prey to the disinformation, propaganda, and exaggeration that Noble and Canoy are attempting. Please listen to Radyo Ng Bayan, 918 AM radio, for true and accurate information. Support your government. If you have any information to share, call the Press Information, telephone numbers 401944, 408265, and 499982.

Rebel Leader To Occupy Camp Until Talks Held

HK0410133390 Quezon City Radyo Ng Bayan in Tagalog 1245 GMT 4 Oct 90

[By Arnold Ricarte from Cagayan de Oro]

[Text] Thus far, no peaceful negotiations have been held between former Colonel Alexander Noble and Brigadier General Miguel Sol of the 4th Infantry Division. At present, former Colonel Noble is at the conference room of the administration building inside Camp Edilberto Evangelista resting along with his followers and men.

The latest word we received from Colonel Noble is they are not leaving the conference room until he holds peaceful negotiations with Brigadier General Miguel Sol, who is not at Camp Evnagelista at the moment. According to information, Brigadier General Sol may be somewhere around the camp but does not want to talk to former Colonel Alexander Noble.

Inside Camp Evangelista, the only officer in charge is Major Rodriguez. There are soldiers—the enlisted personnel—around Camp Evangelista. There have not been any untoward incidents here yet. The situation is fine around Camp Evangelista. Followers of Noble are inside the camp.

Army Reinforcements Sent to Cagayan de Oro City

HK0410133990 Quezon City Radyo Ng Bayan in Tagalog 1300 GMT 4 Oct 90

[Text] The Southern Command said it had sent reinforcement troops to Cagayan de Oro City. According to city officer in charge, Jose Climaco, they will not allow Noble's uprising to succeed. Climaco did not say how large the reinforcement contingent was. He said the military is in control of the situation.

Meanwhile, the situation in Central Luzon is said to be normal despite the reported military uprising launched by rebel soldiers in Mindanao. This was stated tonight by Brigadier General Manuel Bruan, Central Luzon PC-INP [Philippine Constabulary-Integrated National Police] regional commander.

According to Bruan, all local officials in the region met to discuss the measures to be undertaken in case a similar incident to the one in Mindanao occurs. At the same time, Bruan placed all PC- INP units on double red alert and set up checkpoints in strategic places in the region.

Spokesman Confirms Noble's Takeover of Camp

HK0410134590 Manila Radio Veritas in Tagalog 1300 GMT 4 Oct 90

[Text] The military, through Colonel Manuel Tandoc, Armed Forces of the Philippines deputy spokesman, confirmed the takeover by Noble's group of some parts of Camp Evangelista:

[Begin recording in English] There has not been any reported firefight prior to the entry to the camp; however, some 300 loyal government forces are holding out in adjacent buildings inside the camp refusing to give up or to join the renegade colonel. The troops are led by Major Rodriguez of PMA [Philippine Military Academy] Class 74; he is a J-2 of the 4th Infantry Division in Mindanao.

The (Limbya) Airport in Cagayan de Oro City remains under control by loyal government forces. However, Philippine Airlines flights remain suspended.

Renegade Colonel Noble reportedly is trying to generate people power but the people of Cagayan de Oro continue to vehemently ignore him. Thus far only the 600 civilians he brought with him from Agusan del Sur are the only ones with the renegade colonel.

Mayor Magtahas of Cagayan de Oro City announced that he is not supporting Noble and that he is for the Constitution. [end recording]

Rebels, Mindanao Independence Group Join Forces

HK0410142390 Manila Radio Veritas in Tagalog 1300 GMT 4 Oct 90

[Text] AFP [Armed Forces of the Philippines] chief of staff General Renato de Villa confirmed that the forces of Noble and Canoy of the Mindanao Independence Movement have joined forces. Noble's forces passed by several radio stations in Butuan and Cagayan on their way to Camp Pintoy, seven kilometers from Iligan.

Meanwhile, the AFP chief had earlier ordered a pursuit of Noble's forces and at the same time an end to the rebellion. It was reported that De Villa sent a taped message urging Noble to surrender to avoid violence.

[Begin De Villa recording in English, in progress] ...with their political objectives and to declare the independence of Mindanao. I repeat to our people: We cannot allow this to happen. We will not allow this to happen. We will do whatever is necessary to prevent this from happening. [end recording]

Meanwhile, De Villa said the rebels in Butuan are headed by 53d Battalion executive officer Major Agapito Serdenio and a certain Vicenter Mauro Batac.

National Security Adviser Rafael Ileto stated there is a possibility for the movement to spread to the north. The rebel leaders reportedly said there is no plan to spread the movement all the way to Manila.

Noble Parades in Mindanao, Declares 'War'

HK0410023390 Hong Kong AFP in English 0215 GMT 4 Oct 90

[Text] Manila, Oct 4 (AFP)—A leading rebel military officer paraded with his armed followers around the southern city of Cagayan de Oro Thursday and declared a "war for the liberation" of the southern island of Mindanao, a radio station reported here.

Colonel Alexander Noble, whose followers seized a military camp in Butuan City east of Cagayan de Oro overnight Wednesday, led a column of two armored personnel carriers and 10 military truck around Cagayan de Oro's streets, DZRH said in a live broadcast.

"This is the heartbeat of Mindanao. I believe the other regions of the country will also follow suit," he said in an interview aired over the station. "The war for the liberation of Mindanao has started when they started operations against me," he added.

The station said there was no evidence of police or military presence in the streets.

The colonel, a former official of President Corazon Aquino's elite security force, was implicated in a coup attempt in December and was the subject of an unsuccessful military manhunt involving more than 1,000 troops last month.

Cagayan de Oro is the base of the 53rd infantry battalion, some of whose members seized the 402nd army brigade headquarters in Butuan City about 150 kilometers (93 miles) to the east overnight Wednesday. Butuan residents contacted by AGENCE FRANCE-PRESSE said the camp attackers had demanded that the military stop operations against Col. Noble.

Planes Bomb Government Military Camp on Mindanao

HK0410040590 Hong Kong AFP in English 0339 GMT 4 Oct 90

[Text] Manila, Oct 4 (AFP) - Two unidentified planes Thursday bombed a Philippines military camp in a southern island where a rebellion is taking place, radio station DZXL reported here.

Twenty-two bombs fell on Camp Pintoy Suarez army camp in Iligan City, the station said.

There were no immediate reports of casualties, nor was it clear whether Philippines military personnel or rebels were piloting the planes.

Rebels seized a military camp in Butuan City on the same island of Mindanao late Wednesday.

The Army chief, Major General Guillermo Flores, later said over DZXL that the T-28 planes in Iligan strafed and disabled a Sikorsky helicopter gunship seized by the military rebels in Butuan and which they attempted to land in Iligan.

"They don't have any air assets anymore," he said, adding there were no casualties.

During the December putsch, T-28 planes commandeered by rebel troops fired rockets at the presidential palace in Manila until they were destroyed, while refuelling on the ground, by the Philippine Air Force jet fighters.

'Note Verbale' To Be Sent to U.S. Embassy

HK0310135190 Manila Radio Veritas in Tagalog 1300 GMT 3 Oct 90

[Text] Malacanang wants to know the true incidents revolving around the wounding of a demonstrator by a jeep driven by U.S. soldiers at Clark Air Base.

According to Presidential Spokesman Adolf Azcuna, the government will send a note verbale to the U.S. Embassy and will present charges during the next bases negotiations if the Americans are proved guilty.

Authorities at Clark have decided today to file charges of reckless driving and attempted murder against the driver who knocked down a Filipino demonstrator.

The strike by Filipino workers continues.

Defense Secretary Ramos Returns From Seoul

HK0410132590 Hong Kong AFP in English 1309 GMT 4 Oct 90

[Text] Manila, Oct 4 (AFP)—Philippine Defense Secretary Fidel Ramos, who has foiled six coup attempts against President Corazon Aquino, arrived here from Seoul Thursday in the midst of a fresh military rebellion in the southern island of Mindanao.

Mr. Ramos returned from the South Korean capital where he attended ceremonies marking the 40th anniversary of the Korean war, defense department spokesmen said.

The rebel activity in Mindanao marked the first time that Mr. Ramos was out of the country during a security crisis in the Aquino government. As armed forces chief, and later on defense secretary, he was instrumental in foiling six previous military rebellions in the past four years.

Aquino Recognizes Government of United Germany

HK0310133390 Manila Radio Veritas in Tagalog 1300 GMT 3 Oct 90

[Text] President Corazon Aquino has recognized the German Government, saying Germany was reunited as a result of extensive dialogue, diplomacy, and vigorous efforts by both sides. The historical event in Germany is a proof of the statesmanship of Germany's leaders. The president's message was sent to the prospective leader of united Germany, Chancellor Helmut Kohl.

Aquino Approves Price Controls For Nine Items

HK0410055990 Manila MANILA BULLETIN in English 4 Oct 90 pp 1, 16

[By Fred M. Lobo]

[Text] President Aquino and the Cabinet approved in principle last night the imposition of price controls on nine basic commodities to curb overpricing and profiteeringt.

Covered by price controls are rice, sugar, flour, milk, chicken, pork, cooking oil, kerosene, and liquified petroleum gas (LPG).

The President is expected to release today the new price ceilings, according to Trade and Industry Secretary Jose Concepcion Jr.

The new price ceilings will allow a price adjustment of only 7 to 9 percent from the previous price level prior to the oil price hike.

The new price ceilings will be reviewed at the end of the month and every month thereafter.

As agreed in the Cabinet meeting last night, traders found violating the new price ceilings will face administrative and criminal sanctions.

Last year, some 1,900 traders and retailers were arrested for violating price controls, according to Concepcion.

He said the country has an adequate supply of the basic commodities until the end of the year and there should be no reason for overpricing.

The President and the Cabinet agreed on the adoption of Draconian measures for national survival, ranging from budgetary cuts in government expenses to ensuring adequate oil supply through loan assistance from the IMF-World Bank.

Budget Secretary Guillermo Carague said the government will try to cut government spending by P5 billion this year alone.

He said this is necessary as the government needs about P10 billion if cost of living allowance (COLA) is granted, aside from other major funding requirements.

Central Bank Governor Jose Cuisia said the government will obtain financing for oil from the International Monetary Fund and World Bank to meet the oil import financing gap until 1992.

He added that the Central Bank has some $2.1 billion in foreign currency reserves to answer for oil imports but this may be depleted.

Finance Secretary Jesus Estanislao said that the various national survival measures will be finalized for adoption by Friday.

Labor Secretary Ruben Torres said last night that regional tripartite wages and productivity boards will rush action on 15 petitions for wage increases filed by various labor organizations.

He said the amounts sought are P30 and P38.13 for the National Capital Region, P30 for Region 1, 2, 3, 4, 7, 9, 10, 11, and 12; and P38.13 for Region 6.

He said that six other petitions for wage increases were returned to the petitioners as these were not in accordance with the wage fixing law.

President Aquino called on the wage boards to speed up action on the petitions so as to check unrest in the labor sector and promote industrial peace and economic productivity.

Dec 1989 Coup Attempt Leader Arrested 4 Oct

HK0410105790 Quezon City DZBB Radyo Bisig Bayan in Tagalog 1000 GMT 4 Oct 90

[Text] Here is an announcement by General Templo of the Armed Forces of the Philippines [AFP]:

[Begin recording] I want to announce through your station that former Captain Diosdado Balleroso was captured this afternoon at about three o'clock [0700 GMT] in Fairview. Captain Balleroso was one of the 28 August 1987 coup attempt leaders and was also one of the leaders of the December 1989 coup attempt. He was arrested this afternoon by elements of the AFP counterintelligence command. [end recording]

Thailand

PRC 'Disappointed' by Failure of SNC Talks

BK0410022890 Bangkok BANGKOK POST in English 4 Oct 90 p 3

[By Suwit Sawatdi in Beijing]

[Text] China is disappointed with the collapse of Cambodia's first Supreme National Council [SNC] meeting held in Bangkok, and believes a Cambodian settlement requires sincerity from all parties involved, Chinese Premier Li Peng told M.R. Khukrit Pramot in Beijing yesterday. Saying that Cambodia was the issue "most interesting to China" Li Peng himself raised the topic of Cambodia during his 20-minute discussion with the Social Action Party leader.

Li Peng's "emotional message," as assessed by diplomats, contained subtle criticism of Thailand's role in handling the first SNC meeting which ended in disarray last month over the question of chairmanship.

The Prime Minister told M.R. Khukrit that China was "puzzled and disappointed" at the failure of the SNC inauguration despite a successful agreement reached earlier in Jakarta which formed the SNC. "Its meeting in Bangkok was full of conflict and differences over the matter of chairmanship, thereby stalling the dialogue. However, one must persevere for a settlement, and a ceasefire would not come easy after 11 years of battle," he said. The Chinese Premier also stressed that Vietnam, like China and Thailand, had an important role to play in a Cambodian settlement.

Responding to the Premier's remarks, M.R. Khukrit said he, like others rejoiced at the Jakarta agreement, and he could not figure out why the meeting in Bangkok collapsed. "Perhaps Bangkok had a jinx" he said, adding that he wished the next meeting, should there be one, would succeed. Thailand, he said, was ready to cooperate with China in bringing about a settlement.

M.R. Khukrit also told the Premier that as far as he was concerned, Thailand and China had been most sincere in resolving the conflict. "But I'm still doubtful about the sincerity of others, and our countries ought to make others realise our sincerity as well," M.R. Khukrit said.

Li Peng said China was of the view that a Cambodian solution should be attainable. The four Cambodian factions, as well as Vietnam, he added, should be sincere too, because China and ASEAN had professed a genuine commitment towards a solution and translated it into action. Yet as he learnt about the Bangkok meeting from M.R. Khukrit, Li Peng said he did not know why it did not follow the Jakarta success.

The premier stressed that China "doesn't want to be an enemy of Vietnam's forever," but a Sino-Vietnamese normalisation must be preceded by a Cambodian solution. He praised M.R. Khukrit as a "statesman" who still had charisma and also had an important role to play in a Cambodian settlement.

Li Peng also asked about former foreign minister Sitthi Sawetsila, describing him as "China's old friend whom we cannot forget."

Meanwhile, Prime Minister Chatchai Chunhawan's adviser Phansak Winyarat said the Bangkok meeting failed simply because the Cambodian parties could not agree among themselves.

Minister Urges Active UN Role Peace Process

BK0410033690 Bangkok THE NATION in English 4 Oct 90 p A2

[Text] Foreign Minister Subin Pinkhayan urged the United Nations General Assembly [UNGA] yesterday to continue with the Cambodia peace process, hinting that the Cambodian Supreme National Council [SNC] should be invited to attend the General Assembly annual session soon. In his speech delivered at the current annual meeting of the UNGA, Subin said the Thai government hoped the SNC will commence its consultations with the (UN) secretary general and the members of the Security Council as soon as possible "in order to ensure that the United Nations is able to play an active role."

Inviting the SNC to the UN would side step the deadlock in the SNC over the question of its chairmanship. All the Cambodian factions agreed to the formation of the SNC to embody national sovereignty and reconciliation pending UN-run elections in the transitional period. The attendance of the SNC at the UN would help the peace process under the auspices of the UN to move forward.

The first meeting of the SNC in Bangkok two weeks ago bogged down over how to invite resistance leader Prince Norodom Sihanouk to be the council's chairman. The stalemate caused the SNC to temporarily cease functioning and threatened to prolong the peace process.

Important components of the peace process must also be elaborated before the reconvening of the Paris International Conference on Cambodia (PICC) so that the transition to normalcy in Cambodia would be smooth and efficacious, Subin said.

Officials here in Bangkok said Subin, agreed that the SNC should be invited as a group to the UN for consultations between the SNC and the UNSC members. This would also help persuade the Cambodian leaders to reach a compromise over the roles of Sihanouk and Hun Sen in the SNC.

Thailand's current efforts to reconvene the SNC during the past two weeks failed because the resistance members rejected their counterparts' demand that Cambodian Prime Minister Hun Sen be elected vice-chairman if Sihanouk became chairman of the council. Thailand was asked by the resistance to help revive the SNC meeting after its first meeting failed late last month.

In a long-distance interview yesterday, a Thai diplomat at the UN declined to say when the SNC should be invited to attend the UN meeting saying that consultations among concerned parties there are still going on. He said the UN will first wait for the SNC to despatch its delegation with credentials to attend the meeting by October 18. "After the date, the UN credential committee would decide on the validity of the Cambodian seat and would decide whether to extend an invitation to the SNC to come here as a group or not," he said.

In his speech, Subin reiterated the significance of Thailand's policy of turning the "battlefields of Indochina into a marketplace," describing it as one of the first major policies of the government under Prime Minister Chatchai Chunhawan. The policy, which Subin said, was in line with the positive trends that were becoming evident in international relations, is designed to extend beyond Cambodia to all of the countries of Indochina and Burma. "We (the Thai government) believe that the successful integration of these countries with ASEAN into a broader regional economic system will be in our common interests," Subin added.

General Receives Requests To Change Government

BK0410064990 Bangkok BANGKOK POST in English 2 Oct 90 p 3

[Excerpt] Army Commander-in-Chief Gen [general] Suchinda Khraprayun said yesterday he had received a large number of letters, both anonymous and signed, urging him to take action to effect a change in the country's administration.

Gen Suchinda was speaking at the Army sports stadium, where he and other military officers were practising for a charity football match. He said he had been receiving such letters every day for a long time. Asked what would he do in response to the people's wishes, Gen Suchinda laughed and said: "Let this type of medium come in millions." He did not elaborate.

Sources in the Army confirmed that a large number of letters, both anonymous and with names, had been sent to Gen Suchinda calling for him to take action to solve the problems now facing the Government. The letters, sent through the Office of the Army Commander-in-Chief and the Army Secretariat, criticised the Government's handling of the country's affairs, corruption scandals, quarrels between Cabinet ministers and rising prices, the sources said.

The writers, many of whom clearly identified themselves and their addresses, wanted the military to take action to effect a change.

The sources, however, said the Army would not take any action as Gen Suchinda had made it clear that the Army would not interfere in politics. [passage omitted]

Army TV Accused of Discrediting Government

BK0410071990 Bangkok THE NATION in English 4 Oct 90 p A2

[By Sarayut Suthatsanachinda]

[Excerpts] Prime Minister Chatchai Chunhawan yesterday blew his top after being asked by a Channel 5 reporter to comment on reports that the public had called on him to dissolve Parliament. Pointing his finger at the reporter, Chatchai responded angrily: "You always love to make up these sort of unfounded reports. Only I am empowered to dissolve the House of Representatives but it's something I will never do. So how can it be dissolved"? he said.

The premier went on to say that the media, "especially Channel 5", was trying to play up the country's economic problem to discredit the administration. He pointed and stared angrily at the TV reporter. Channel 5 is under the army's control.

The reporter's question was apparently the last straw for Chatchai, who in the last two weeks has faced disputes among his Cabinet members, criticism by labour unions and students activists over the rise in prices for basic goods and rumours that people have asked the army to "change the government". [passage omitted]

The premier's stress was aggravated by a surprise statement on Tuesday by Army Chief Gen [General] Suchinda Khraprayun, who said some people had asked the army to "correct" the administration. [passage omitted]

Vietnam

Spokeswoman on Ties With U.S., PRC, Refugees

BK0410105590 Hanoi International Service in English 1000 GMT 4 Oct 90

[Text] The spokeswoman of the Vietnamese Foreign Ministry, Mrs. Ho The Lan, said the official meeting between Vietnamese Foreign Minister Nguyen Co Thach and U.S. Secretary of State James Baker on 29 September was the first high-ranking meeting between the two countries since 1973.

Speaking at the regular press conference in Hanoi on Thursday [4 October], Mrs. Ho The Lan said the meeting is of important significance in the process of normalization of relations between the two countries. Mrs. Ho The Lan said Minister Nguyen Co Thach accepted the invitation of Mr. Baker to come to Washington to meet General Vessey, special envoy of U.S. President, for further discussion of the humanitarian issues of both sides.

On the recent visit to Beijing of General Vo Nguyen Giap, vice chairman of the Council of Ministers, Mrs. Ho The Lan said the visit was an important contribution to the process of normalization of relations between Vietnam and China.

Also at this press conference, Mrs. Ho The Lan noted that at the invitation of the Japanese Government, Foreign Minister Nguyen Co Thach planned to pay an official visit to Japan by the end of this month.

On the issue of the Vietnamese boat people, Mrs. Ho The Lan rejected allegations that Vietnam accepted the principle for forced repatriation of those who are not classified as refugees. She pointed out that this report did not reflect the truth. She further said that Vietnam rejected forced repatriation and only encouraged voluntary repatriation, and is willing to welcome those who want to return to the country.

In conclusion, Mrs. Ho The Lan affirmed that the recent agreement between Vietnam, the United Kingdom, the Hong Kong Administration, and the UN High Commissioner for Refugees was based on this spirit.

U.S. Viewed As 'Backtracking' on Embargo Rules

BK0410073490 Bangkok BANGKOK POST in English 4 Oct 90 p 18

[By Christopher Bruton, of management consultants Business International]

[Excerpts] Following the August 1, 1990, amendment to the Office of Foreign Assets Control regulations which limit US business access to Vietnam, Washington now appears to be backtracking on some of the more stringent restrictions.

While confining themselves to face-saving "interpretations" that take some of the sting out of the new embargo controls, it is reliably reported that US Treasury officials are now taking a second look at the regulations and considering a more flexible approach in keeping with the new spirit of cooperation between Washington and Hanoi.

The August 1 tightening of the embargo rules included a $100-per-day expenditure limit for travel to Vietnam and an apparent prohibition on Americans travelling internationally on Vietnam Airlines. Both these provisions have now been "reinterpreted" to accommodate the flood of complaints reaching the Office of Foreign Assets Control counsel, William Hoffmann.

Hoffmann is now reassuring businessmen and attorneys that the $100 per day living expense limit "does not include travel expenses between cities in Vietnam." It does, however, still include hotel, meals, sundry expenses and supposedly local transport. Regarding the prohibition on use of Vietnam Airlines for international travel, Hoffmann has also interpreted this as applying only to seat reservations made by travel service providers subject to the jurisdiction of the US. Thus provided US citizens book their travel through a non-US travel agent, they can still savour the delights of a Vietnam Airlines international flight.

Caution is still required in any case where a US citizen heads up or puts together an affinity group for travel to Vietnam, since in this case the individual concerned could be interpreted as a "travel service provider". The safest way is to have non-US citizens arrange and lead any such group, but US citizens themselves are not at risk joining groups arranged and led by non-citizens.

Explaining the August 1 amendment, a spokesman for the Office of Foreign Assets Control said it was intended to make it more difficult for people subject to US jurisdiction to bring excessive amounts of money to Vietnam. Vietnamese Americans are known to have been bringing more money with them on trips than or their relatives in Vietnam could use for personal consumption under the embargo regulations. The suggestion was that such overseas Vietnamese were using these funds for investment, either directly or using relatives as nominees.

Having taken some of the heat off Vietnam-bound US citizens, the fact remains that they will still be inconvenienced on future legitimate fact-finding trips to the country. [passage omitted]

While the Office of Foreign Assets Control has stressed that their main objective is to eliminate large-scale movements of US currency to Vietnam, a high risk remains that undercover Treasury agents will be out looking for small-time embargo breakers.

Meanwhile, the extent of unrecorded currency movements is also of concern to the Vietnamese authorities. From October 1, all Vietnamese were required to surrender foreign currency to the foreign Trade bank and take Vietnamese dong in exchange. Since the dong has depreciated from an exchange rate of 4,000 to $1 at the beginning of the year to 7,000 to $1 today, they are hardly likely to do so.

Vietnamese customs authorities are expected to be more vigilant in monitoring large inflows of foreign currency, not recorded on Customs Entry forms. At the end of September, a foreign visitor was intercepted at Saigon's Tan Son Nhat Airport carrying $200,000 in undeclared cash, and these occurrences are becoming commonplace.

While forex-starved Vietnam should be glad to have such sums brought into the country, whether declared or otherwise, there is concern that such funds are being used for illicit transactions. [passage omitted]

Closer Cooperation With United Germany Urged

BK0310115790 Hanoi International Service in English 1000 GMT 3 Oct 90

[Station commentary]

[Text] As from October 3, the Federal Republic of Germany and the German Democratic Republic officially become one state. In fact, the process of unification of the two Germanys completed after the ratification of the treaty on the reestablishment of the United Sovereign Germany by the GDR parliament and the Federal Assembly and the Federal Council of the FRG. On October 3, official ceremony for the unification will be carried out. This was the victory of the new way of thinking and hopeful sign of the process of purifying the situation in Europe. Nevertheless, the unification of Germany is not as simple as the reunion of a family after 40 years of separation. This was a complicated process full of difficulties.

When Germany is united, the aspirations of the people in the GDR and the FRG, who live under the same roof of a united state, would match and there would appear a number of issues to be settled. The life of the middle class and the retired becomes difficult and unemployment is on the increase. Especially after the unification, there is a big gap in structure and development standard between the two economies. The question is that whether the united German state dares to spend a great amount of money to fill the gap. If the new government does, the expenditure it has to bear could increase the interest and cause the domino effect in inflation in the European Community. This economic burden could affect the economic growth of the new united Germany. For this reason, right after the unification, the new government of the united Germany must cope with and settle many urgent problems.

However, to the people in Germany, October 3 is a festival. Many state leaders attended the ceremony for the unification of Germany. They want to see that the united Germany in future will become an important economic, political, and military power in Europe.

Vietnam has had relations with both the GDR and the FRG. Recently, relations between Vietnam and the FRG have been developed. In mid-this-year, Vietnam and the FRG signed a treaty on cultural cooperation between the two countries and agreed to sign a treaty on commercial and cooperation of investment soon, and an agreement on education. Vietnam and the two Germanys held that the former system of agreement and commitment between Vietnam and the GDR would be favorable trends for future development of relations between Vietnam and the united Germany.

As earlier reported, during the official visit to the FRG in May of the Vietnamese foreign minister, the FRG Government declared that the united Germany would ready to continue all the signed agreements and treaties. Vietnam hopes that cooperation between Vietnam and the united Germany will further develop on the basis of equality, respect for each others' sovereignty and independence, and mutual benefit.

Leaders Attend FRG Ambassador's Reception

BK0310162290 Hanoi VNA in English 1501 GMT 3 Oct 90

[Text] Hanoi VNA Oct. 3—Ambassador of the Federal Republic of Germany to Vietnam Joachim Broudre-Groger, and his wife gave a reception here this evening on the 1st national day of the FRG (Oct. 3).

Present at the reception were Tran Duc Luong, vice-chairman of the Council of Ministers; Vu Khoan, deputy foreign minister and others.

Members of the diplomatic corps were also on hand.

Hosts and guests raised toasts to the constant consolidation and development of the cooperation and friendship between the German and Vietnamese peoples.

First Official New Zealand Delegation Visits

BK0410092690 Hanoi VNA in English 0740 GMT 4 Oct 90

[Text] Hanoi VNA October 4—A New Zealand government economic delegation led by New Zealand's Ambassador to Vietnam Harle Freeman Greene is on an official visit to Vietnam from September 30 to explore the possibilities for strengthening bilateral trade relation and economic cooperation.

During his thee-day stay in Hanoi, the delegation, including representatives of 12 companies, had working sessions with the state planning commission, the state committee for cooperation and investment, the ministry of heavy industry, the general oil and gas corporation, the ministry of construction and the municipal people's committee.

At a press conference before leaving here, Ambassador H. Freeman Greene said he saw no obstacle in developing economic relations between New Zealand and Vietnam, and that his country can import Vietnam's tea, coffee, natural silk, frozen food, leather goods and handicraft and fine art articles, and can sell Vietnam wool, milk, building materials and equipment for animal husbandry.

The delegation will stay in Ho Chi Minh City until October 9. This is the first official delegation of the New Zealand Government to have visited Vietnam.

Celebration Held at Hanoi Children's Palace

BK0410075590 Hanoi Domestic Service in Vietnamese 2300 GMT 2 Oct 90

[Text] On the evening of 2 October, the representative of the World Food Program PAM [Programme Alimentaire Mondial], Mr. Philippe Borel, and his wife held a get-together of Vietnamese and foreign children at the Hanoi Children's Palace to celebrate the Mid-Autumn Festival. Among the participants were Comrade Nguyen Khanh, vice-chairman of the Council of Ministers, and representatives of the Ministries of Public Health and Foreign Affairs and many public organs and mass organizations at the central level and in Hanoi. Also present were members of the diplomatic corps and representatives of various international organizations in Vietnam.

The Vietnamese and foreign children heard greetings from Mr. Philippe Borel, watched a martial arts demonstration, a circus show, and received gifts from the host couple.

Ben Tre Province Expels 230 Party Members

BK0410061890 Hanoi Domestic Service in Vietnamese 2300 GMT 3 Oct 90

[Text] To date, most of the chapters and cells of Ben Tre Province's party organization have completed checking implementation of the party statutes by their party members and taking disciplinary action against offenders. A total of 220 party members have been reprimanded, warned, or dismissed from their official positions, while 230 others have been expelled from the party.

In the current party consolidation campaign, the party organization of Ben Tre considers strengthening relations between party members and basic party chapters and the masses as an urgent, long-term, and key task of the present broad political drive in the party and among the people of all strata.

National Reserves Department Officials Dismissed

BK0410060890 Hanoi Domestic Service in Vietnamese 1100 GMT 3 Oct 90

[Text] On 26 September 1990, the chairman of the Council of Ministers issued Decision 342/CT [chairman] on disciplining three leading officials of the National Reserves Department. The directive reads:

It is hereby decided to dismiss Comrade Tran Kim A as director of the National Reserves Department. This decision replaces Decision 55/CT dated 26 February 1990 and Decision 94/CT dated 20 March 1990 of the chairman of the Council of Ministers.

It is hereby decided to dismiss Comrades Trinh Van Tu and Nguyen Nhu Hai as deputy directors of the National Reserves Department.

These officials have committed shortcomings and mistakes in leadership, causing great losses of socialist property. The Council of Ministers entrusts the State Inspection Commission with the task of inspecting the files on the offenses perpetrated by the three officials and turning them over to law-enforcement organs for examination and criminal prosecution.

Ministry Notice on Foreign Cigarette Trade Ban

BK0410111390 Hanoi Domestic Service in Vietnamese 1100 GMT 2 Oct 90

["Notice" issued by the minister of commerce on 2 October]

[Text] The order banning importation and circulation of foreign cigarettes has been implemented by all localities throughout the country since 1 October 1990, in strict accordance with the regulations of the chairman of the Council of Ministers. The Ministry of Commerce welcomes compliance with state law by organizations and individuals engaged in the cigarette trade.

The Ministry of Commerce would like to reiterate that from now on no organizations or individuals may stock and trade in foreign cigarettes in the local market. Any violations of this order shall be severely punished. Illegally imported cigarettes and the means used to transport them shall be confiscated, and the persons involved shall be penalized for smuggling. Any state-operated trade units that continue to import and trade in foreign cigarettes will have their chiefs dismissed immediately.

The Ministry of Commerce notes that some people who deal in foreign cigarettes have for one reason or another failed to declare, or declare in full, their stocks of imported cigarettes by 25 September 1990, and to completely clear their stocks by the end of 30 September 1990. With authorization of the chairman of the Council of Ministers, the Ministry of Commerce hereby extends the deadline to 6 October 1990 to allow foreign cigarette owners to come to ward, district, and city trade offices, or provincial, municipal, and special zone trade services to declare their stocks. After declaring and obtaining certification from trade offices or trade services, the owners should seal up their stocks themselves. They may not sell them. Instead, they should wait for help from trade services in finding ways to clear these stocks.

When the extension expires, anyone who still keeps undeclared foreign cigarettes for illegal sales will be liable to heavier penalties.

The Ministry of Commerce requests that all state-operated organizations engaged in the production, wholesaling, or retailing of cigarettes supply cigarettes of various brands in sufficient quantities to retailers to fully meet consumers' demand. All market inspection and control forces are requested to urgently perform their duties.

Le Duc Anh Attends Army Television Conference

BK0410075490 Hanoi Domestic Service in Vietnamese 1400 GMT 3 Oct 90

[Text] Yesterday, 2 October, the editorial staff of the Army Television Program held a conference of contributors on the occasion of the 15th anniversary of the Army Television Program broadcast on the Central Television Station. Attending were General Le Duc Anh, member of the Political Bureau, deputy secretary of the Military Commission of the party Central Committee, and defense minister; Senior Lieutenant General Dang Vu Hiep, deputy director of the General Political Department; Comrade Pham Khac Lam, general director and editor-in-chief of Vietnam Television; and numerous cadres, reporters, and contributors who had retired or were still on active duty.

Speaking at the conference, General Le Duc Anh praised the Army Televison Program editorial staff's efforts while instructing cadres, reporters, and contributors to pay attention to improving the quality, content, and form of television programs, expanding the contributors network, and increasing the militancy of television shows to be worthy of being one of the five key propaganda instruments of the people's armed forces in the mass media.

VPA General's Views on Building Defense Zones

BK0410064190 Hanoi QUAN DOI NHAN DAN in Vietnamese 31 Aug 90 pp 1,4

[Article by General Doan Khue, member of the Party Central Committee Political Bureau and chief of the VPA General Staff: "Developing Experience in the 45 Years of National Construction and Defense, Continue to Build Provinces and Cities into Defense Zones for Firmly Safeguarding the Socialist Fatherland"]

[Text] Building defense zones is one of the important contents of the political bureau resolution on the national defense task in the new revolutionary situation. The contents, requirements and objectives of drills and the task of building defense zones (DZ) in localities constitute a step to concretize our party lines of all-people national defense and people's warfare in the present stage of national construction and defense. The purpose of this step is to comprehensively prepare for developing the strength of each locality and each sector, create the integrated strength of the entire country, and combine the economic building task closely with the consolidation of national defense. All localities and sectors must actively build themselves up comprehensively to become stable economically and strong in national defense in order to firmly maintain political security and public order and safety. These are the most vital issues to ensure that our troops and people successfully fulfill the two strategic tasks set forth by the sixth party congress.

After two years or more of implementing the political bureau resolution on national defense task, the joint general staff has coordinated with various military regions, provinces, and cities to conduct drills in the defense zones of various localities. Some 35 provinces and cities have thus far conducted drills of different scales in defense zones. In some provinces, the drills have been conducted down to district and village levels. The results of these drills have proved that the policy on conducting drills and building defense zones is completely correct. Particularly, the drills have initially tested the mechanism in which the party leads, the administration operationally controls the military tasks, and the military agencies serve as advisory staffs and unified commands for local armed forces. All the localities where drills are being regularly conducted have maintained that the mechanism is an important factor to ensure national construction and defense since it clarifies the responsibilities of the party committee, administration, and military agency of each locality. Through the drills, all party committees, people's committees, and sectors have begun to raise their sense of responsibility for building the all-people national defense and the people's armed forces in localities, have upheld their revolutionary vigilance, and have overcome utopianism and pacifism. They have realized more clearly the relationship between the task of national defense and security and the socioeconomic task and have reviewed and enhanced somewhat the knowledge of cadres in the party, administration, and socioeconomic sectors. The key cadres in localities have realized and visualized the enemy schemes of comprehensive sabotage and have known how to guide their localities and sectors in shifting peacetime activities to wartime operations, and to determine the functions and operating scope and procedures of each agency and each individual in charge thereof. As for the administration agencies, committees, and sectors, they know how to formulate plans and establish a concerted effort between the party committees, administration and sectors, and the local military agencies.

The drills have also enabled localities to determine more properly the objectives of mobilizing manpower and material assets for combat to suit the economy. Some experiences in building, administering, and mobilizing the reserve forces have also been withdrawn from the drills. At the same time, some measures have been summarized for application on the strength of using local armed forces to deal with the various circumstances of an enemy war of comprehensive sabotage or the various forms of low intensity conflicts.

The purpose of conducting drills in defense zones is to enhance the capability of the people and the People's Armed Forces in coping with a war situation. However, provinces should combine this task with that of maintaining social order and safety and opposing social vices. Some provinces, while mobilizing the people to participate in drills, have motivated them to build several concrete projects, thus effectively serving the socioeconomic development in localities. Through military training for combat and combat support forces and through drilling under different circumstances, the workstyle at various agencies has been improved while labor discipline has been improved and social rule and order have been strengthened. As a result, drilling in defense zones not only serves the national defense domain, but also effectively serves the socioeconomic building program if we know how to exploit it.

Results obtained in drilling over the past two years and longer were up to standard. Achievements scored in subsequent drills were better than in the former ones, thus meeting the requirements of tasks and conditions in localities. This was due to the efforts made by echelons of party and people's committees to grasp the Communist Party of Vietnam [CPV] Central Committee Political Bureau's resolution on national defense, to firmly maintain the people's war concept, to strengthen the all-people national defense, and to realize the duty of defending the fatherland. Moreover, from the preparation to the drilling periods, the Vietnam People's Army [VPA] General Staff, general departments of the National Defense Ministry, and echelons of military agencies from military regions down to the sub-ward and village levels have positively and closely supervised and helped provinces carry out military training and build the defense zone in each locality.

However, through various drilling sessions, provinces should strive to note their shortcomings in order to overcome them in the future. First of all, they should strengthen the leading role of party organization's executive committees, and clearly define the boundary between the party leadership and the management function of the local administration. It is necessary to avoid the condition of letting the party do all the work and the party committee secretary make all the decisions. It is also necessary to formulate plans to enhance the military knowledge of the party cadres and the officials of the socioeconomic sector. By the same token, efforts should be made to enhance the knowledge of socioeconomic development of military cadres because this will help them to effectively carry out their staff function for the local party committee and administration, especially in combining economic tasks with that of national defense, in organizing and strengthening national defense potential in localities, and in mobilizing manpower and materiel for combat when warranted.

It is necessary to mention here that all locally based central agencies and enterprises must participate in drilling and building defense zones. However, their participation in this task was very limited over the past period. Although improvement has been achieved during the recent drilling sessions, coordination between the local administration and these agencies and enterprises in mobilizing manpower and facilities for drilling and building defense zones was unsatisfactory. As a result, discussions should be held to improve the situation.

With a view to applying the CPV Central Committee Political Bureau's resolution on national defense to daily life and to score more concrete achievements, localities must strive to firmly grasp the party Central Committee's eighth plenum resolution and the local situation in order to satisfactorily carry out the military task in the days ahead.

For localities where drills in defense zones have been conducted, their plans should be continually supplemented and perfected to fit their needs, tasks, and realities. Lower echelons (districts and villages) should be directed to conduct drills guided by military region headquarters and to implement Resolution 8, which links the building of defense zones to socioeconomic development and the establishment of areas to ensure political security, public order, and safety.

In localities where drills have not been conducted in defense zones, people should learn from the experiences of surrounding provinces in order to prepare drills that fit their own requirements, and immediate and long-range tasks to suit their realities. All expenses must be calculated carefully, rationally and economically to avoid all forms of display and waste.

Military technology agencies should review past experiences in-depth to supplement the theory of building defense zones in provinces (cities). At the same time, on the basis of these experiences, a study will be made to turn each military region into a strong and firm defense zone and an important national strategic line.

The task will not be considered fulfilled even though drills have been completed. Localities should continue to learn the sixth party congress resolution on the two strategic tasks, the viewpoints on the people's warfare, and the establishment of an all-people national defense together with the current scope of building defense zones. Economic development should be combined closely with national defense to make localities economically strong, militarily stable and politically healthy. More emphasis must be placed on building villages and on socioeconomic development. At the same time, educational propaganda must be conducted to motivate the people to improve the material and spiritual lives of workers, make them aware of the superiority of the socialist regime and be determined to defend it. Militarily, we must continue to build the battle plan, the militia and self-defense forces comprehensively in terms of quality, and satisfactorily administer and train the reserve forces.

To counter the enemy's current war of sabotage and defeat all wars of aggression of different scales, localities should supplement their combat projects and ensure the availability of weapons and facilities for battle and defense of their areas, the party, the administration and economic installations.

In the past 45 years of national construction and defense, the party and our beloved Uncle Ho have indicated that our nation should follow the path of continued victory and the realization of the greatest dream by our party, people and troops. This is a unified Vietnam where Vietnamese of all nationalities can live in peace, independence and freedom to advance to socialism. The victories of the Vietnamese revolution in the past 45 years have given us priceless experience in national construction and defense. Today, on the great festival of our nation, as we look back at our origins and the vicissitudes of the various revolutionary stages, we can more firmly assert the rectitude of Uncle Ho's testament on independence, sovereignty and self-reliance based on the strength of the people. This is the basis of our invincible national strength and socialism which enables us to defeat all enemies, firmly defend the socialist Vietnam Fatherland and successfully build socialism in our country.

'Growing Anger' Among Ethnic Minorities Cited

BK0310123090 Hong Kong AFP in English 1129 GMT 3 Oct 90

[Text] Hanoi, Oct 3 (AFP)—Hanoi is trying to allay growing anger among Vietnam's largest ethnic minority, the Hmong, who are facing serious resettlement problems, informed sources said Wednesday.

Hanoi imposed a policy of resettlement on the Hmong, also called the Meo, and on other Vietnamese minority groups after 1968, but credit shortages meant it lacked facilities for resettled groups and the policy ran into difficulties, the sources said.

The Vietnamese press Wednesday said financial problems had prompted many Hmong to resume their nomadic life. The Hmong have long rejected external authority.

The official newspaper NHAN DAN said Wednesday that Hmong representatives from Cao Bang Province in northern Vietnam had Monday met senior party and government officials. The officials included Deputy Prime Minister Vo Nguyen Giap, former Prime Minister Pham Van Dong and General Dam Quang Trung, former commander-in-chief of Military Region No. 1 in northern Vietnam and the secretary of the Vietnamese Communist Party, NHAN DAN said.

Observers here said the seniority of the government representatives showed Hanoi took the Hmong discontent seriously.

NHAN DAN said many Hmong had resumed their nomadic lifestyles, particularly after the land on which they were resettled was reclaimed by its former owners. Hanoi has allowed owners to reclaim their land in recent years as part of its policy of liberalising Vietnamese agriculture.

"The Hmong handed over petitions on various aspects of economic and cultural life in the mountainous regions where health and education have seriously declined," NHAN DAN said. The newspaper said the party and the government "will gradually resolve those urgent petitions."

The 500,000 Hmong are the largest of about 50 minorities, who live mainly in the poorest areas, mainly the mountainous regions in central and northern Vietnam.

Official sources said 1.9 million people, two thirds of Vietnam's ethnic minority population, had been moved to those areas since Hanoi's forced resettlement programme started.

Australia

Four Newspapers To Merge; Hawke Comments

BK0310075290 Hong Kong AFP in English 0721 GMT 3 Oct 90

[Text] Melbourne, Australia, Oct 3 (AFP)—Media tycoon Rupert Murdoch announced Wednesday that he is merging four of Australia's most important papers to form two new 24-hour newspapers.

Mr. Murdoch, who heads one of the world's biggest media groups, News Corp Ltd, told a press conference the papers will be created from mergers of the MELBOURNE HERALD and SUN and the Sydney-based DAILY TELEGRAPH and DAILY MIRROR. They will be published six days a week as the HERALD-SUN (Melbourne) and the DAILY TELEGRAPH MIRROR.

The announcement followed a run on News Corp share prices in the previous week, which led to a "please explain" letter to the company from the Australian stock exchange. From a high of 11.50 Australian dollars (9.50 U.S.) early September, its stock price plunged to a four-year low of 6.50 dollars, although this had climbed to 6.92 by Wednesday's close. Analysts blamed concern over excessive debt levels, focusing on the sharp growth in short-term borrowings.

The mergers are the latest in a major shakeout of the Australian media, which has so far seen all of the big television stations either change hands or plunge into liquidation.

The shakeout is likely to continue at John Fairfax Ltd., Mr. Murdoch's great rival. Fairfax is still straining under what most analysts believe to be impossible debts resulting from proprietor Warwick Fairfax's privatisation of the group three years ago.

At least one of the three major Fairfax papers, THE SYDNEY MORNING HERALD, THE AGE of Melbourne and THE AUSTRALIAN FINANCIAL REVIEW, could be on the market soon. Mr. Murdoch has never made any secret of his liking for the SYDNEY MORNING HERALD and THE AGE, which he considers to be among the best and most profitable quality papers in the world. But as his empire stands at the moment, he would not under Australian laws be permitted to acquire any more city newspapers than he already owns.

The afternoon MELBOURNE HERALD was the flagship of the HERALD and Weekly Times Group, founded by his father Sir Keith Murdoch and bought by News Corp for 1.8 billion dollars (1.5 billion U.S. at today's rates) in December, 1986. It was one of Australia's oldest and most respected broadsheets and one of Mr. Murdoch's fondest acquisitions. He poured vast resources into reviving it as a profitable newspaper, with new editors, journalists and layouts, but failed to arrest its declining circulation. Merger with the tabloid morning MELBOURNE SUN has been seen for some time as a logical rationalisation.

The Weekly Times Group gave Mr. Murdoch newspapers in every state capital in Australia and control of 60 per cent of the country's newspapers.

News Corp's two Sydney tabloids, the MORNING DAILY TELEGRAPH and the afternoon DAILY MIRROR, were both sound businesses, especially after the closure of the afternoon tabloid, THE SUN. The MIRROR was the first big city newspaper bought by Mr. Murdoch after he started to expand operations from his original base in Adelaide, South Australia. It was the stepping stone from which he launched the drive to become one of the world's media giants.

Prime Minister Bob Hawke said Wednesday Australians would benefit from a merger of news corporation newspapers in Melbourne and Sydney, even although some jobs would be lost.

Asked about the mergers, Mr. Hawke said: "It will probably mean a loss of jobs for some people, but as far as the community in general is concerned they probably will get a better service. For some of those who might be rationalised out of a job, I suppose they would have a particular view about it that it wouldn't be good for them, but it seems to me that it has the possibility for benefit for people," Mr. Hawke said. "You'll have a rationalisation of resources, you would probably have a capacity for more editions of paper."

Redundancies are likely among adminstrative and production staff both in Sydney and Melbourne, although it was not known Wednesday how many would be affected. Journalists have been told that voluntary redundancies and retirements are likely.

Mr. Murdoch refused to comment about the group's share price fall, adding: "We have no problems and if I happen to say anything it will be at the shareholders' meeting."

He said the mergers could save up to 1,000 jobs as an alternative to closing either the DAILY MIRROR or the HERALD, which was losing 20 million dollars (16.5 million U.S.) a year. "I expect the savings to be quite considerable, rather than enormous," he said.

Evans Concerned About Racial Inequality in Fiji

BK0310070290 Melbourne Overseas Service in English 0500 GMT 3 Oct 90

[Text] Australia has used the United Nations as a forum to express concern at the continuing racial problems in Fiji. Foreign Minister Senator Gareth Evans has told the General Assembly that recent developments in Fiji have worsened racial inequality. Senator Evans said Australia continues to be disturbed by events following what he called the backward (?step) of the 1987 coup d'etat, and he said the recent promulgation of the Constitution while marking a welcome return to representative government was [words indistinct] and far reaching principles of racial discrimination into the Fiji political system.